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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
HIGHLAND GLEN**

THIS DECLARATION is made this 31st day of March, 2003, by MHK OF VOLUSIA COUNTY, INC., a Florida Corporation, hereinafter referred to as "Developer", who recites and provides:

RECITALS

A. Developer is the owner of certain land located in Duval County, Florida, being all of that real property which is to be developed and commonly referred to as "Highland Glen". Highland Glen will be developed in many phases and may be improved with residences of different sizes and types. Developer desires to maintain the integrity and beauty of Highland Glen to assure high quality standards for the enjoyment of Highland Glen.

B. Developer intends to develop Highland Glen for the purpose of constructing single family dwellings thereon, which dwellings will share certain Common Property (as hereinafter defined) and which will be occupied and maintained as a residential development for the mutual and common advantage of all owners and occupants thereof who shall own and occupy Highland Glen subject to the provisions of this Declaration and all other rules and regulations applicable to Highland Glen.

C. To provide for the preservation, enhancement and maintenance of Highland Glen and the improvements thereon, Developer desires to subject portions of Highland Glen as they are developed and improved, to the protective covenants, conditions, restrictions, easements, charges and liens of this Declaration, each and all of which are for the benefit of Highland Glen and of each owner of a portion thereof.

D. To provide for the efficient management of Highland Glen, Developer deems it desirable to create a non-profit corporation with the power and duty of administering and enforcing the protective covenants, conditions, restrictions and easements. Charges and liens hereinafter set forth, including, without limitation, the maintenance and administration of the Common Property and the collection and disbursement of the Assessments hereinafter created, and to this end, Developer has created or will create Highland Glen Owners Association, Inc., a Florida Not-for-Profit Corporation, whose membership shall include all owners of all or any part of Highland Glen.

DECLARATION

NOW, THEREFORE, Developer declares that the Property (as hereinafter defined) shall be held, sold, occupied and conveyed subject to the following covenants, conditions, restrictions,

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easements and limitations, which are for the purpose of protecting the value and desirability of the Property, shall run with the title to the Property, and shall be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, legal representatives, successors and assigns, and shall inure to the benefit of each owner thereof and Developer.

I. **DEFINITIONS**

1.1. **Defined Terms.** The following definitions shall apply wherever these capitalized term appear in this Declaration:

- (a) **"ARB"** means the Architectural Review Board of the Association.
- (b) **"Articles"** means the Articles of Incorporation for the Association, as amended from time to time, a copy of which is attached hereto and made a part hereof as Exhibit "A".
- (c) **"Assessment"** means all types of charges to which a Lot is subject, including, without limitation, Annual Assessments, Special Assessments and Damage/Repair Assessments (as hereinafter defined).
- (d) **"Assessment Charge"** means all Assessments currently owed by each Owner, together with any late fees, interest, and costs of collection (including reasonable attorney's fees) when delinquent.
- (e) **"Association"** means Highland Glen Owners Association, Inc., a Florida Non-Profit Corporation, its successors and assigns, which is responsible for the management and operation of the Property.
- (f) **"Board of Directors"** means the Board of Directors of the Association.
- (g) **"Bylaws"** means the Bylaws of the Association, as amended from time to time, a copy of which is attached hereto and made a part hereof as Exhibit "B".
- (h) **"Common Property"** means all of the Property, except the Lots, together with any Improvements thereon, including without limitation, the private roadways shown on the plat of the Property (hereinafter referred to as the "Private Roads") and all personal property, intended for the common use and enjoyment of the Owners and any areas within the Property or serving the Property which the Association is obligated to maintain, notwithstanding that it may not own the underlying fee simple title to such areas, including, without limitation, the water within the lakes and retention areas, all drainage easements reserved hereunder in any Plat of the Property and all other portions of the Stormwater Management System. The Common Property to be maintained by the Association shall specifically include, without limitation, the Private Roads including the landscape islands located within such road, the Stormwater Management System (as defined below) and any other area necessary for the operation of the Association. Common Property may also include personal property owned or leased by the Association and intended for use by the Association or common use and enjoyment by the Owners.

- (i) "County" means Duval County, Florida.
- (j) "Declaration" means this Declaration of Covenants, Conditions, Restrictions and Easements, as it may hereafter be amended and supplemented from time to time.
- (k) "Developer" means MHK of Volusia County, Inc., a Florida Corporation, its successors, and assigns, or any successor or assign of all or substantially all of its interests in the development of the Property all as more fully set forth in paragraph 12.13. Reference in this Declaration to MHK of Volusia County, Inc., as the Developer under this Declaration is not intended and shall not be construed to impose upon MHK of Volusia County, Florida, Inc., any obligations, legal or otherwise, for the acts or omissions of third parties who purchase Lots within the Property from MHK of Volusia County, Inc., and develop and resell the same. Developer shall also be an Owner, for so long as Developer shall be the record owner of any Lot.
- (l) "Initial Improvements" means the initial, original construction of the Residences and related Improvements and the initial landscaping on the Lots constructed by Developer or those builders specified by Developer.
- (m) "Lot" means any plot of land intended as a site for a Residence and shown upon any duly recorded subdivision plat of the Property or parcel of land which is permitted to be improved with a Residence. References herein to "Lot" shall also include the Residence and all improvements constructed on a Lot, unless specifically set forth to the contrary.
- (n) "Member" means a person entitled to membership in the Association, as provided in this Declaration and the Articles.
- (o) "Mortgage" means any bona fide first mortgage encumbering a Lot as security for the repayment of a debt obligation.
- (p) "Mortgagee" means any bank, savings and loan association, or other recognized institutional lender, any insurer or guarantor of Mortgages and any holder of Mortgages in the secondary market (including, without limitation, the Veteran's Administration, the Federal Housing Administration, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association), or any other entity holding a Mortgage now or hereafter placed upon any Lot, including Developer, or its assignee.
- (q) "Owner" means the record owner, whether one or more persons or entities of the fee simple title to any Lot, including the buyer under a contract for deed. Owners shall not include those having such interest merely as security for the payment or repayment of a debt obligation.
- (r) "Permit" means all the permits, licenses, approvals issued by the St Johns River Water Management District ("SJRWMD"), Department of Environmental Protection, Army Corps of Engineers or any other governmental or quasi -governmental agency which arise from or in connection with the development of the Property.

(s) "Property" means that certain real property more fully described as all of the lands within HIGHLAND GLEN UNIT ONE, according to plat thereof recorded In Plat Book 55, Pages 90, 90A, 90B, 90C, and 90D, of the Public Records of Duval County, Florida, and such additions or deletions thereto as may be made in accordance with the provisions of Sections 3.2 and 3.3 of this Declaration.

(t) "Residence" means any single family residential dwelling constructed or to be constructed on or within any Lot together with any appurtenant improvements, including, without limitation, driveways, detached buildings, patios, sidewalks and recreational facilities which have been approved by the ARB or Developer.

(u) "Stormwater Management System" means a system which is designed, constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use, or reuse water to prevent or reduce flooding, over drainage, environmental degradation and water pollution, or to otherwise affect the quality and quantity of discharge from the system, as permitted pursuant to Chapter 40C-4, 40C-40 or 40C-42, Florida Administrative Code.

II. ASSOCIATION

2.1. Members. Every Owner shall be a mandatory Member of the Association. Membership shall be appurtenant to and may not be separated from title to each Lot. Membership shall be transferred automatically by conveyance of the title to any Lot, whereupon the membership of the previous Owner shall automatically terminate. Persons or entities which have an interest in any Lot merely as security for the performance of an obligation shall not be Members of the Association, and in such case the beneficial Owner shall retain the membership in the Association.

2.2. Voting Rights. The Association shall have two classes of voting membership, as outlined below, which shall have the voting rights specified below:

Class A. Class A members shall consist of all of the Owners of Lots within any phase of HIGHLAND GLEN with the exception of Developer. Each Class A member shall be entitled to one (1) vote for each Lot owned. In the event any Owner has purchased two (2) adjacent Lots and has utilized both Lots for the situs of one single-family residence, such Owner shall be entitled to only one (1) vote. Following the Conversion Date, both Class A members and Class B members shall be entitled to vote in the affairs of the Association on the basis of one vote for each Lot owned, and Class A members, excluding any builder, contractor, or other who has purchased a Lot for the purpose of constructing improvements thereon for resale, shall be entitled to elect a majority of the Board of Directors. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as the fractional owners of such Lot agree in writing, but in no event shall more than one vote be cast with respect to any Lot, nor shall any fractional vote be cast. Decisions of the members shall be rendered in accordance with the provisions of the By-laws of the Association.

Class B. Class B shall consist of Developer and any person or entity to which Developer assigns its rights hereunder. Until the Conversion Date, the Class B member shall be entitled to cast three (3) votes for each vote that the Class A members are entitled to cast. Upon the occurrence of the Conversion Date, Class B members shall be entitled to cast one (1) vote for each Lot owned, but any member who is a builder, contractor, or other who has purchased a Lot for the purpose of constructing improvements thereon for sale shall not be allowed to vote for a majority of the Board of Directors. After the Conversion Date, the Association shall succeed to all of the rights, obligations and powers of Developer. The Conversion Date shall be defined as the earlier of the following to transpire:

- (a) the date the Developer voluntarily relinquishes control of the Association to the Class A members,
- (b) within three (3) months after Developer conveys ninety percent (90%) of all lots in all phases (including proposed phases) of the HIGHLAND GLEN subdivision, that will ultimately be governed by the Association; or
- (c) Ten (10) years after the date of the original recording of the Declaration in the public records of Duval County.

III. PROPERTY SUBJECT TO THIS DECLARATION:
ADDITIONS AND DELETIONS

3.1. No Implied Extension of Covenants. Each Owner and each tenant of any improvements constructed on any Lot, by becoming an Owner or tenant, shall be deemed to have agreed that (a) the Property and such additional property as may be annexed pursuant to Section 3.2 hereof shall be the only Property subject to this Declaration, (b) that nothing contained in this Declaration or in any recorded or unrecorded plat, map, picture, drawing, brochure or other representation of a scheme of development shall be construed as subjecting or requiring the Developer to subject any other property now or hereafter owned by the Developer to this Declaration, and (c) that the only manner in which additional land may be subjected to this Declaration is by the procedure set forth in Section 3.2 hereof.

3.2. Additional Lands. Developer may, but shall not be obligated to, subject additional land to this Declaration from time to time provided only that (a) any additional land subjected to this Declaration shall be located within the development area generally known as Highland Glen; and (b) the Owners of the property within additional lands made subject to this Declaration shall be and become subject to this Declaration, and shall be responsible for their pro rata share of common expenses for which assessments may be levied pursuant to the terms of the Declaration. Addition of lands to this Declaration shall be made and evidenced by filing in the Public Records of Duval County, Florida, a Supplementary Declaration executed by the Developer with respect to the lands to be added. Developer reserves the right to supplement this Declaration to add land to the scheme of this Declaration pursuant to the foregoing provisions without the consent or joinder of any Owner or mortgagee of land within the Property.

3.3. Withdrawal of Lands. The Developer reserves the right to withdraw at any time, or from time to time, portions of the Property owned by it from the terms and effect of this Declaration, without the consent or joinder of any other party. The withdrawal of lands as aforesaid shall be made and evidenced by filing in the Public Records of Duval County, Florida, a Supplementary Declaration executed by the Developer with respect to the lands to be withdrawn.

IV. OWNER'S RIGHTS AND DUTIES

4.1. Easement of Enjoyment. Subject to the limitations provided elsewhere in this Declaration, every Owner is granted a nonexclusive right and perpetual easement of enjoyment in and to the Common Property, which easement is appurtenant to and shall pass with the title to every Lot, subject to the following:

- (i) The right of the Association to take such steps as are reasonably necessary to protect the Common Property against foreclosure.
- (ii) The right of Developer or the Association to grant easements and rights of way as may be appropriate for the proper development and maintenance of the Property, including, without limitation, Developer's right to reserve easements for itself, its successors and assigns for ingress, egress, maintenance, drainage and utilities over all Common Property.
- (iii) All provisions of this Declaration, any plat of any part of the Property, and the Articles and Bylaws of the Association.
- (iv) The rules and regulations governing the use and enjoyment of the Common Property adopted by the Association.
- (v) All easements and restrictions of record affecting any part of the Common Property.

4.2. Delegation of Use. Each Owner may delegate, subject to the Articles, Bylaws, and the Declaration, his right of enjoyment of the Common Property and facilities to the members of his family, his tenants, his guests, invitees, licensees, domestic servant, or contract purchasers who occupy the Lot.

4.3. Damage or Destruction. In the event any Common Property, facilities, or personal property of the Association or Developer are damaged or destroyed by an Owner or any of his guests, tenants, invitees, agents, employees, or family members as a result of negligence or misuse, the Association shall repair the damaged area or property in a good and workmanlike manner, in accordance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the Association. The cost of such repairs shall be the responsibility of that Owner and shall be a Damage/Repair Assessment.

4.4. Maintenance. In addition to other specified maintenance required herein, each Owner shall, at the Owner's cost and expense, keep all parts of his Lot, including the Residence, clean and free of debris, and in good order and repair. Such duties shall include, without limitation, repair or replacement of the roof, windows and doors (including glass or screens), and exterior of the Residence and any and all improvements thereon. Each Owner shall also maintain all landscaping between the Private Roads and the Owner's Lot.

The foregoing obligations shall include all maintenance, repair or replacement required because of occurrence of any fire, wind, vandalism, theft or other casualty. All maintenance and repair shall be performed by each Owner at regular intervals as shall be necessary to keep the Lot and Residence in an attractive condition and in substantially the same condition and appearance as existed at the time of completion of construction, subject to normal wear and tear that can not be avoided by normal maintenance. Each owner shall promptly perform any maintenance or repair requested by the Association.

If an Owner fails to maintain his Lot, (including landscaping) or his Residence in good order and in a clean and attractive manner or to perform any other maintenance required hereunder, the Association, after thirty (30) days written notice to the Owner and with the approval of the majority of the Board of Directors, shall have the right to enter upon such Lot to correct, repair, restore, paint, maintain, and landscape any part of such Lot or Residence. The cost of such repairs or maintenance shall be a Damage/Repair Assessment, payable by the responsible Owner immediately upon receipt of a written invoice or statement therefore.

4.5. Personal Services. The employees of the Association shall not be required to attend to any personal matters or business of Owners. The uses and functions of such employees shall be governed by the Board of Directors. In the event personal services are provided to Owners by any employees of the Association, the Association will not assume any responsibility or be liable for, in any manner, the quality of such services or work provided, nor shall it warrant such services or work. In addition, the Association shall not be liable for any injury to persons or damage to property resulting from any act or omission by those performing such personal work or services for Owners.

V. COMMON PROPERTY AND EASEMENT

5. 1. Common Property.

- (a) Maintenance. It shall be the duty of the Association to manage and maintain the Common Property in a clean, attractive, sanitary and serviceable condition, and in good order and repair. The Association's duties shall commence upon the completion of any improvements upon the Common Property, irrespective of which entity holds title thereto, and shall include the management, operation, maintenance, repair, servicing, replacement, and renewal of all improvements, equipment, and tangible personal property installed by Developer as a part of the Common Property. The Association shall keep the improvements located on the Common Property, including fixtures and personal property of the Association,

insured for the maximum insurable replacement value, excluding foundation and excavation costs, as determined by the Board of Directors. The Association shall also maintain all landscaping on the Common Property, provided, however, that neither Developer nor the Association shall be deemed a guarantor of such landscaping. In addition, the Association shall be responsible for the maintenance, operation and repair of the Stormwater Management System, as set forth in Article V.

- (b) Title. Title to the Common Property shall be held by the Owner on which such Common Property is located and the Association is hereby granted a five foot (5") easement surrounding the Common Property to operate and maintain the Common Property as required by the Declaration, Articles and Bylaws.

5.2. Roadways and Traffic Easements and Regulations. Developer hereby grants to the Owners, the lawful occupants of any Residence, the family members, employees, guests, invitees and licensees of any of the foregoing, lawful delivery and pickup personnel, emergency medical and fire protection personnel, police and other authorities of the law, mail and parcel carriers, representatives of utilities authorized to serve the Property, Mortgagees, and such other persons as Developer may from time to time designate, the non-exclusive, perpetual right of ingress and egress to, from, in, and across the Private Road, subject to the right of the Developer, its successors, assigns, authorized agents or designees, to install, erect, construct and maintain electric, water, sewer and other utility and drainage lines and facilities in such roadway. Developer reserves to itself and the Association the absolute and unrestricted right to limit, restrict or deny the ingress of any other party who, in its sole discretion, does not belong or have business on the Property or who may create or participate in a disturbance or nuisance on any part of the Property or be otherwise undesirable, through use of a controlled or guarded entranceway or through such other means and upon such terms and conditions as Developer or the Association may reasonably determine. Developer further reserves to itself and the Association the right, but not the obligation, to control and regulate all types of vehicular traffic and parking on all or any part of the Common Property, and to require the removal of any shrub, bush, fence, wall, tree or other item of any sort which might, in the Developer's or the Association's sole discretion, impair or obstruct a motorist's vision on any of the Common Property. Developer or the Association shall have the right to enforce claims for damage against any Owner responsible for damages to any Common Property. The Roads will remain Private.

5.3. Utility Easements.

- (a) Blanket Easement. Developer reserves for itself, its successors and assigns, a nonexclusive, perpetual, alienable blanket easement and right for the benefit of the Property upon, across, over, through, and under the Property for ingress, egress, installation, replacement, repair, use and maintenance of all utility and service lines and service systems, public and private, including, but not limited to, water, sewer, drainage, irrigation systems, telephones, electricity, television cable or communication lines and systems, and police powers and services supplied by the local, state and federal governments. This easement shall in no way affect any other recorded easements on the Property. Upon construction of a Residence on a Lot, the

blanket easement reserved herein shall be vacated with respect to the portion of the Lot on which the Residence and other approved improvements are located.

(b) Lot Easements. Developer reserves for itself, its successors and assigns, and grants to the Association and its designees, a ten foot (10') perpetual nonexclusive easement over, under, and across the front of each Lot for the installation, repair and maintenance of utilities, including without limitation water, sewer, electrical and irrigation lines. In the event that the Owner shall construct any Improvements within any such easement area specifically reserved on a Lot and in connection with the exercise of the Developer's or Association's easement rights hereunder, the Developer or Association is required to remove such improvements, the repair, replacement or restoration of such Improvements shall be at the cost and expense of the Owner.

(c) Cable-Television Easements. Developer reserves for itself, its successors and assigns, and grants to the Association and its designees, a perpetual, exclusive, alienable easement and right for the installation, maintenance, and supply of radio and television cables over, under and across the Private Road and easement areas on any recorded plat of the Property. If the Association elects to enter into a "bulk rate contract" for cable television, cable television service shall be supplied to each Lot and each Owner shall be required to pay all costs in connection therewith.

5.4 Developer's Rights. Developer, its successors and assigns shall have the unrestricted right, without approval or joinder of any other person or entity: (i) to designate the use of, alienate, release, or otherwise assign the easements shown in the plat of the Property or described herein; (ii) to plat or replat all or any part of the Property owned by Developer, and (iii) to widen or extend the Private Road or convert a Lot to use as a private road, provided that Developer owns the lands affected by such change. The Owners of Lots subject to easements shown on any plat of the Property shall acquire no right, title, or interest in any of the cables, conduits, pipes, mains, lines, or other equipment or facilities placed on, over, or under the easement area. The Owners of Lots subject to any easements shall not construct any improvements on the easement areas, alter the flow or drainage, or landscape such areas with hedges, trees, or other landscape items that might interfere with the exercise of the easement rights. Any Owner who constructs any improvements or landscaping on such easement areas shall remove the improvements or landscape items upon written request of Developer, the Association, or the grantee of the easement.

VI. STORMWATER MANAGEMENT SYSTEM

6.1. Blanket Easement. The plan for the development of the Property includes the construction of a Stormwater Management System, which may include, without limitation, retention areas, swales, conduits, wires, pipes, pumps, and berms across the front, rear and side of certain Lots. Developer hereby reserves for itself, its successors and assigns, and grants to the Association and its designees, a perpetual, nonexclusive easement over and across all areas of the Stormwater Management System for the drainage of stormwater from the Property.

6.2. Maintenance Easement. The Association is granted a perpetual, nonexclusive easement for ingress, and egress, at all reasonable times and in a reasonable manner, over and across the Stormwater Management System and over any portion of a Lot which is a part of the Stormwater Management System, to operate, maintain, and repair the Stormwater Management System as required by the Permits, including the SJRWMD permit. Such right expressly includes the right to cut any trees, bushes or shrubbery, to make any gradings of soil, construct or modify any Treatment Swales (as hereinafter defined) placed along the boundary of any Lots as part of the Stormwater Management System, or take any other action reasonably necessary, following which Developer or the Association shall restore the affected property to its original condition as nearly as practicable, provided, however, that Developer or the Association shall not be required to replace or repair fences, walks, structures, landscaping, or other improvements which are removed or damaged. The Developer or the Association shall give reasonable notice of its intent to take such action to all affected Owners, unless, in the opinion of Developer or the Association, an emergency exists which precludes such notice. The right granted herein may be exercised at the sole option of Developer or the Association and shall not be construed to obligate Developer or the Association to take any affirmative action in connection therewith.

6.3. Construction of Treatment Swales. In accordance with the SJRWMD Permits and plans approved by the City of Jacksonville, Developer has or will construct swales along the sides and other portions of certain Lots ("Treatment Swales") which Treatment Swales are part of the Stormwater Management System. The Owner of the lands lying beneath any portion of a Treatment Swale is responsible to assure that the Treatment Swales included within such Owner's Lot are maintained as originally constructed by Developer or as otherwise required by the Permits. No Owner shall be permitted to remove or reconfigure such Treatment Swales, and in the event that an Owner removes or reconfigures the Treatment Swales and any legal action is brought against the Developer or Association for any such violation of the Permit then, without limiting any other remedy set forth herein, the Owner shall indemnify and hold the Association and Developer harmless from all costs, expenses, liabilities arising from or in connection with such violation of the Permits.

6.4. Maintenance. Except as specifically set forth herein to the contrary, the Association shall be responsible for the maintenance, operation, and repair of the Stormwater Management System. Such maintenance shall include the exercise of practices which allow the Stormwater Management System to provide drainage, water storage, conveyance, or other capabilities in accordance with all the permits, statutes, rules, and regulations pertaining to surface water management, drainage and water quality promulgated by the SJRWMD, Florida Department of Environmental Protection, and all other local, state and federal authorities having jurisdiction. The Association shall be responsible for the routine removal and disposal of trash which may accumulate within the portion of the Stormwater Management System. The Association shall have the power and right, and the obligation and responsibility, but only as may be required by any applicable governmental entity, to control and eradicate plants, fowl, reptiles, animals, fish, and fungi in and on any portion of the retention areas or drainage easements. The Association shall be responsible for the maintenance of all shoreline vegetation, the removal of all trash collecting along such shoreline, the grading and contouring of all embankments to the water's edge (as it may rise and fall from time to time, irrespective of the ownership of such

land), and the maintenance of the grass, plantings, and other lateral support of the embankments in a clean and safe manner so as to prevent erosion. Any Owner who owns the lands lying beneath the embankment of a retention area may maintain such area in addition to the maintenance provided by the Association.

6.5. Improvement. In the event that Developer, an entity designated by Developer, or the Association shall construct any bridges, docks, bulkheads, or other improvements which may extend over or on to the retention areas within the Stormwater Management System, or shall construct any similar improvements to support or enhance the Stormwater Management System, the Association shall maintain all such improvements in good repair and condition. No docks, bulkheads, or other structures, permanent or temporary, shall be constructed on, over, or under any portion of the Stormwater Management System without the prior written consent of the Association and the approval of the ARB, which consent or approval may be withheld for any reason. Any improvements to the Stormwater Management System permitted by the Association and installed by any Owner shall be maintained by such Owner in accordance with the maintenance provisions of this Declaration. All improvements to the Stormwater Management System shall also require the prior written approval of the SJRWMD.

6.6. Use and Access. No Owner shall have access to the retention areas included in the Stormwater Management System except those Owners who own the area lying beneath such retention areas. Only Developer and the Association shall have the right to pump or otherwise remove any water from any part of the Stormwater Management System for purposes of irrigation or any other use. No gas or diesel driven watercraft shall be operated on any portion of the Stormwater Management System, including the retention areas.

6.7. Liability. Neither Developer nor the Association shall have any liability whatsoever to owners, guests, tenants, or invitees in connection with the retention areas and drainage easements or any portion of the Stormwater Management System. Each owner, for itself and its guests, tenants, or invitees, releases Developer and the Association from any liability in connection herewith.

Neither Developer, the Association, nor any of their successors, assigns, officers, directors, committee members, employees, management agents, contractors or subcontractors (collectively, the "Listed Parties") shall be liable or responsible for maintaining or assuring the water quality or level in any lake, pond, retention area, canal, creek, marsh area, stream or other water body within or adjacent to the Property, except as such responsibility may be specifically imposed by an applicable governmental or quasi-governmental agency or entity as referenced herein. Further, all Owners and users of any portion of the Property located adjacent to or having a view of any of the aforesaid areas shall be deemed, by virtue of their acceptance of a deed to, or use of, such Property, to have agreed to hold harmless the Listed Parties from all liability related to any changes in the quality and level of the water in such bodies.

All persons are hereby notified that from time to time alligators and other wildlife may inhabit or enter into water bodies contained within or adjacent to the Property and may pose a threat to persons, pets and property, but that the Listed Parties are under no duty to protect

against, and do not in any manner warrant against, any death, injury or damage caused by such wildlife.

All persons are hereby notified that lake banks and slopes within certain areas of the property may be steep and that depths near shore may drop sharply. By their acceptance of a deed or use of any Lot within the Property, all Owners or users of such property shall be deemed to have agreed to hold harmless the Listed Parties from all liability or damages arising from the design, construction, or topography of any lake banks, slopes, or bottoms.

6.8. Wetlands and Jurisdictional Land. This Declaration is subject to the rights of the State of Florida over portions of the Property which may be considered wetlands, marshes, sovereignty or jurisdictional lands and Developer has obtained certain Permits to allow the development of the Property. Every Owner shall obtain any permit necessary prior to undertaking any dredging, filling, improving, landscaping or the removal of plant life within any jurisdictional lands or which are subject to a conservation easement existing on his Lot. In the event that an Owner violates the terms and conditions of the Permit, the Association is authorized to enter onto the Lot and cure such violation and such Owner shall be liable for all costs and expenses of remedying any violation and shall indemnify and hold the Association and Developer harmless from any such costs and expenses, and any enforcement action that may be imposed by the SJRWMD or any other governmental agency as a result of such action by such Owners all of which shall be deemed to be a Damage/Repair Assessment.

6.9. Rights of SJRWMD. Notwithstanding any other provisions contained elsewhere in this Declaration, the SJRWMD shall have the rights and powers enumerated in this Article. The SJRWMD shall have the right to enforce, by a proceeding at law or in equity, the provisions contained in this Declaration which relate to the maintenance, operation, and repair of the Stormwater Management System. Any repair or reconstruction of the Stormwater Management System shall be as permitted, or if modified, as approved by the SJRWMD. No person shall alter the drainage flow of the Stormwater Management System, including any buffer areas or swales, without the prior written approval of the SJRWMD. Any amendment to this Declaration which alters the Stormwater Management System, beyond maintenance in its original condition, including the water management portions of the Common Property, must have prior written approval of the SJRWMD. In the event that the Association is dissolved, prior to such dissolution, all responsibility relating to the Stormwater Management System must be assigned to and accepted by an entity approved by the SJRWMD.

6.10. Indemnity. Developer may be required to assume certain duties and liabilities for the maintenance of the Stormwater Management System or drainage system within the Property under the plat, Permits, or certain agreements or regulations of governmental agencies. Developer hereby assigns to the Association, and the Association hereby assumes, all the rights, obligations and duties of Developer thereunder. The Association further agrees that subsequent to the recording of this Declaration, it shall indemnify and hold Developer harmless from all suits, actions, damages, liabilities and expenses in connection with loss of life, bodily or personal injury, or property damage arising from or out of any occurrence, in, upon, at, or from the maintenance of the Stormwater Management System occasioned wholly or in part by any act or

omission of the Association or its agents, contractors, employees, servants or licensees, but not including any liability occasioned wholly or in part by the acts of Developer, its successors, assigns, agents or invitees.

VII. UTILITIES

7.1. Water System. The central water supply system provided for the service of the Property and operated by the JEA, shall be used as the sole source of potable water for all water spigots and outlets located within or on all buildings and improvements located on each Lot. Each Owner shall pay water meter charges established or approved by the supplier thereof, and shall maintain and repair all portions of such water services located within the boundaries of his Lot to the extent that such services are not maintained by the JEA. No individual water supply system or well shall be permitted on any Lot. Irrigation water may be provided for each Lot by connecting to the potable water supply for the Residence on such Lot or by connecting to a separate irrigation meter.

7.2. Sewage System. The sewer system provided for the services of the Property and operated by the JEA shall be used and each Owner shall be required to connect to such system and shall pay when due the periodic charges or rates for the furnishing of such sewage collection and disposal services.. No sewage shall be discharged onto the open ground or into any wetland, pond, park, ravine, drainage ditch, canal, or roadway. The JEA will be responsible for the maintenance of the system, except that each Owner will be responsible for the maintenance of the sewer system on their own Lot.

VIII. COVENANTS FOR MAINTENANCE ASSESSMENTS

8.1. Assessments Established. For each Lot owned within the Property. Developer covenants, and each Owner, by acceptance of the deed or other conveyance of record title to a Lot whether or not it is so expressed in such deed or conveyance, is deemed to covenant and agree to pay the following:

- (a) Annual Assessments as defined in paragraph 7.2 of this Article; and
- (b) Special Assessments as defined in paragraph 7.3 of this Article; and
- (c) Damage/Repair Assessment as defined in paragraph 7.4 of this Article.

8.2. Annual Assessments. The Annual Assessments levied by the Association shall be used for the improvement, maintenance, and operation of the Common Property, including, without limitation, the maintenance, operation and repair of the Stormwater Management System (including, but not "limited to." work within retention areas, drainage structures, and drainage easements); the management and administration of the Association, and the furnishing of Services as set forth in this Declaration; and all general activities and expenses of the Association incurred in the administration of powers and duties granted under this Declaration, the Articles and Bylaws. As further hereinafter described, the Board of Directors, by majority vote, shall set

the Annual Assessments at a level sufficient to meet the Association's obligations, including contingencies and reserves it may determine to establish. Unless the Board of Directors determines otherwise, the Annual Assessment shall be due on January 1 of each year and shall be payable annually. The Board of Directors may, in its sole discretion change the due date or frequency of payments.

8.3. Special Assessment. In addition to the Annual Assessments, the Association may levy by majority vote of the Directors, a Special Assessment for the purpose of defraying, in whole or in part, the cost or any construction, reconstruction, repair or replacement of a capital improvement upon the Common Property, including fixtures and personal property related thereto, or any cost or expense that it not reasonably expected to be incurred on a regular basis. Provided any such Special Assessment shall have the consent of Owners holding two thirds (2/3) of the votes in the Association, other than Developer, voting in person or by proxy at a regular meeting or a special meeting called for that purpose at which a quorum of each membership class is present.

8.4. Damage/Repair Assessments. The Board of Directors, by majority vote, may from time to time levy a Damage/Repair Assessment against a particular Lot and the Owner thereof for the purpose of defraying, in whole or in part, the cost of any repair, maintenance or construction to be performed by the Owner as provided herein; for the construction, reconstruction, repair, or replacement of a capital improvement upon or serving the specific Lot, including any additional special services to such Lot, the cost of which is not included in the Annual Assessment; or to reimburse the Association for any costs it incurs as a result of the Owner's failure to comply with this Declaration or any damage to the Common Property.

8.5. Commencement of Annual Assessment.

(a) Date of Commencement. The Annual Assessments provided for herein shall commence with respect to each Lot on the date of conveyance of the Lot to an Owner, other than Developer. The initial Annual Assessment on any Lot subject to Assessment shall be collected at the time title to such Lot is conveyed to the Owner. During the initial year of ownership, each Owner shall be responsible for the pro rata share of the Annual or Special Assessment charged to each Lot, prorated from the day of closing to the end of the calendar year on a per diem basis.

(b) Capital Contribution. At the closing and transfer of title of each Lot to the first Owner other than Developer, such Owner shall contribute working capital to the Association up to Five Hundred and 00/100 Dollars (\$500.00) as determined by the Board of Directors. These contributions to the Association shall be used for the purpose of defraying the initial operating expenses of the Association and for providing initial working capital for the Association. Such contribution shall not be considered as a prepayment of Annual Assessments.

8.6. Nonpayment of Assessments, Remedies of the Association.

(a) Creation of Lien and Obligation. All Assessment Charges are secured by a continuing lien on such Lot in favor of the Association. The Association's lien is subordinate to

the lien for all sums secured by any Mortgage encumbering such Lot. All other lienors acquiring liens on the Lot after this Declaration is recorded are deemed to consent that such liens are inferior to the lien established by this Declaration, whether or not such consent is specifically set forth in the instrument creating the lien. The Association may, but is not required to record a Claim of Lien to further evidence the lien established by this Declaration as to any Lot against which any Assessment is more than thirty (30) days delinquent.

(b) Owner's Acceptance. Each Owner of a Lot, by acceptance of a deed or other transfer document therefore whether or not it shall be so expressed in such deed or transfer document is deemed to covenant and agree to pay to the Association the Assessments established or described in this Article. Each Owner, by his acceptance of title to a Lot, expressly vests in the Association the right and power to bring all actions against such Owner personally for the collection of such Assessment Charge as a debt and to enforce the aforesaid by all methods available for the enforcement of such liens, including foreclosures by an action brought in the name of the Association in a like manner as a mortgage lien on real property, and such Owner is deemed to have granted to the Association a power of sale in connection with such lien. No Owner may waive or otherwise escape liability for the Assessment Charge by abandonment of his Lot or waiver of use of Common Property.

(c) Late Fees, Interest. Any Assessments not paid within thirty (30) days after the due date (provided that the due date is an annual date) or ten (10) days after due date (if the due date is monthly or quarterly) shall be subject to a late fee as determined from time to time by the Board of Directors, and may, upon resolution of the Board of Directors, bear interest at a percentage rate determined by such Directors.

(d) Remedies. The Association may bring an action at law against the Owner or Owners personally obligated to pay an Assessment Charge, or may foreclose the lien against the Lot upon which the Assessment Charge is made in the manner provided below. The Association, acting on behalf of the Owners, "shall have the power to bid for an interest in any Lot at such foreclosure sale and to acquire, hold, lease, mortgage and convey the same. In addition, the Board of Directors, by majority vote, shall have the right to assess fines against Owners for any period during which any Assessment against his Lot is more than thirty (30) days past due.

(e) Subordination of the Lien to Mortgage. The lien of the Assessment Charge shall be inferior and subordinate to the lien of any Mortgagee, but only to the extent of the Mortgage balance outstanding as of the date the notice of an Assessment Charge was first recorded against the Lot, plus interest and reasonable costs of collection accruing thereafter. The sale or transfer of any Lot shall not affect the Assessment Charge, however, the sale or transfer of any Lot pursuant to foreclosure of a Mortgage or deed in lieu thereof shall extinguish the lien of an Assessment Charge as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve the transferee of such Lot from liability for any Assessments thereafter becoming due or from the lien thereof, nor the Owner responsible for such payments from such Owner's personal liability as provided herein. Mortgagees shall in no event be responsible or liable for the collection of any Assessments. The failure to pay any Assessments shall in no event be deemed

to constitute a default under any Mortgage by reason of anything contained in this Declaration, unless otherwise expressly provided in the Mortgage.

8.7. Budget.

(a) Fiscal Year. The fiscal year of the Association shall consist of the twelve (12) month period commencing on January 1 of each year.

(b) Initial Budget. Developer shall establish the budget for the fiscal year in which a Lot is first conveyed to an Owner other than Developer.

(c) Preparation and Approval of Annual Budget. Commencing November 15 of the year in which a Lot is first conveyed to an Owner other than Developer, and on or before November 15 of each year thereafter, the Board of Directors shall adopt a budget for the coming year containing an estimate of the total amount which it considers necessary to pay the cost of all expenses to be incurred by the Association to carry out its responsibilities and obligations, including, without limitation, the cost of wages, materials, insurance premiums, services, supplies, and other expenses for the rendering to the Owners of all services required or permitted hereunder. Such budget may also include such reasonable amounts as the Board of Directors considers necessary to provide working capital for the Association, and to provide for a general operating reserve and reserves for contingencies and replacements. The Board of Directors shall send to each Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the Annual Assessments payable by each Owner, on or before November 15 preceding the fiscal year to which the budget applies. Such budget shall constitute the basis for determining each Owner's Annual Assessment as provided above. The Assessments shall be determined by dividing the amount of the Budget by the number of Lots subject to the Declaration.

(d) Reserves. The Association may, in its discretion, maintain such reserves as it deems reasonable or necessary for (i) working capital, (ii) contingencies, (iii) replacements, and (iv) the performance of such other coordinating or discretionary functions not contrary to the terms of this Declaration which the Board of Directors may from time to time approve, which shall be collected as part of the Annual Assessment as provided above. The amount and manner of collection of reserves shall be as determined by the Board of Directors, in its sole discretion. Extraordinary expenditures not originally included in the Annual Budget which may become necessary during the year shall be charged first against such reserves. Except in the event of an emergency, reserves accumulated for one purpose may not be expended for any other purpose unless approved by a vote or written consent of Members owning a majority of the Lots. If the reserves are inadequate for any reason, including nonpayment of any Owner's Assessment, the Board of Directors may, at any time, levy a Special Assessment in accordance with the provisions of this Article, which may be payable in a lump sum or in installments as the Board of Directors may determine. In the event there is a balance of reserves at the end of any fiscal year and the Board of Directors so determines, any excess reserves may be taken into account in establishing the next year's budget and may be applied to defray general expenses incurred thereunder.

(e) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt an annual budget or adjusted budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his Assessments, as herein provided, whenever the same shall be determined. In the absence of any annual Association budget or adjusted budget, each Owner shall continue to pay the Assessments at the then existing rate established for the previous fiscal period, in the manner such payment was previously due, until notified otherwise.

(f) Accounts. Except as otherwise provided herein, all sums collected by the Board of Directors with respect to Assessments against the Owners may be commingled in a single fund.

8.8. Exempt Property. All Lots or Property owned by Developer (including, without limitation, any Lot used or leased by Developer) shall be exempt from payment of Assessments for so long as Developer funds any deficit in the annual budget. Developer shall fund such expenses only as they are actually incurred by the Association during the period that Developer is funding the deficit. Developer's obligation to fund any deficits shall terminate at such time as Developer, in its sole discretion, elect to pay the Assessments for each Lot owned by it, or upon Turnover whichever shall first occur. Developer may, but is not obligated to assign this exemption right to any entity it may determine, including without limitation any builder owning Lots solely for the purpose of constructing Residences intended to be sold to ultimate purchasers. Any such partial assignment of Developer's exemption shall have no effect on Developer's exemption hereunder.

8.9. Real Estate Taxes. In the event the Common Property is taxed separately from the Lots, the Association shall include such taxes as part of the Annual Assessment. In the event the Common Property is taxed as a component of the value of the Lot owned by each Owner, it shall be the obligation of such Owner to promptly pay such taxes prior to their becoming a lien on the Property.

8.10. Certificate of Payment. The Treasurer of the Association, or the management company authorized by the Board of Directors, upon demand of any Owner liable for an Assessment, shall furnish to such Owner a certificate in writing setting forth whether such Assessment has been paid. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid. A reasonable charge for the services involved in preparing such certificate may be assessed by the Association or management company, as applicable.

IX. ARCHITECTURAL CONTROL

9.1. Purpose. The Association, through the ARB, shall have the right to exercise architectural control over all improvements constructed, erected, or placed upon any part of the Property, to assist in making the Property a community of high standards and aesthetic beauty. Such architectural control may include all architectural aspects of any such improvement including, without limitation, size, height, site planning, setbacks, exterior design, materials, colors, open space, landscaping, waterscaping, and aesthetic criteria. For so long as Developer

owns any Lot (and irrespective of whether the Class B Membership has terminated or Turnover has occurred), Developer shall have the sole right to appoint the members of the ARB. Thereafter, the members of the ARB shall be appointed by the Board of Directors as designated in the Bylaws. If the Board of Directors fails to so appoint the ARB, then the Board of Directors shall constitute the ARB.

9.2. Construction Subject to Architectural Control.

(a) ARB Approval. No construction, modification, alteration, or improvement of any nature whatsoever, except for interior alterations not affecting the external structure or appearance of any Residence, shall be undertaken on any Lot unless and until a plan of such construction, modification, alteration, or improvement shall have been approved in writing by the ARB.

(b) Improvements Subject to Approval. Construction, modifications and improvements subject to approval by the ARB, specifically include, but are not limited to the initial improvements to the Property, painting or other alteration of the exterior appearance of a Residence (including doors, windows and roof); installation of antennae, satellite dishes or receivers, solar panels or other devices; construction of docks, fountains, swimming pools, screened enclosures, whirlpools, or other pools; any recreational structures, including basketball backboards, play structures or platform doghouses; construction of privacy walls or other fences; addition of awnings, signs (whether located on the Lot or in windows of the Residence), gates, flower boxes, shelves, statues, or other outdoor ornamentation; patterned or brightly colored window coverings; alteration of the landscaping or topography of the Property, including, without limitation, any cutting or removal of trees, planting or removal of plants, and creation or alteration of lakes or similar features of the Property, and all other modifications, alterations, or improvements visible from any road or other Lots. All of the foregoing are jointly referred to herein as "Proposed Improvements".

9.3. Procedures.

(a) Application. It shall be the responsibility of each Owner to supply three (3) sets of the documents described herein to the ARB. The ARB shall approve or disapprove the documents properly submitted to it in writing within thirty (30) days of such submission. Any requests shall be deemed disapproved if not acted upon by ARB within thirty (30) days of their proper submission. The documents, materials and items to be submitted for approval shall include two (2) sets of the following; (i) the construction plans and specifications, if any, including a site plan and survey and all proposed landscaping; (ii) an elevation or rendering of all Proposed Improvements, if any; (iii) samples of materials or paint colors; and (iv) such other items as the ARB may deem appropriate.

(b) Basis for Decision. Approval shall be granted or denied by the ARB based upon compliance with the provisions of this Declaration and any guidelines established pursuant thereto, including without limitation, the quality of workmanship and materials, the harmony of external design with its surroundings, the effect of the construction on the appearance from

surrounding Lots, and all other factors, guidelines and standards promulgated from time to time, including purely aesthetic considerations, which, in the sole opinion of the ARB, will affect the desirability or suitability of the construction.

In connection with its approval or disapproval of an application, the ARB shall evaluate each application for total effect. The evaluation relates to matters of judgment and taste which cannot be reduced to a simple list of measurable criteria. It is possible, therefore, that an application may meet individual criteria and still not receive approval, if in the sole judgment of the ARB, its overall aesthetic impact is unacceptable. The approval of an application shall not be construed as creating any obligation on the part of the ARB to approve future applications involving similar designs for different Lots. In addition, the ARB shall have the right to waive or modify the requirements as more fully set forth in paragraph 8.3(f).

(c) Uniform Procedures and Guidelines. The ARB may establish architectural guidelines and uniform procedures for the review of applications, including the assessment of review costs and fees, if any, to be paid by the applicant, and the requirement of a security deposit and the posting of a compliance bond to ensure the full and timely compliance by the applicant with the conditions imposed by the ARB. No submission for approval shall be considered by the ARB unless and until such submission, in compliance with the provisions of this Article, have been accepted by the ARB. Any architectural guidelines established by the ARB may be amended as the ARB may determine.

(d) Notification. Approval or disapproval of applications to the ARB shall be given to the applicant in writing within thirty (30) days of receipt hereof, by the ARB in accordance with the procedures adopted by the ARB. The ARB shall indicate its approval by stamping the plans with its seal and the date of approval. If the ARB disapproves the requested Proposed Improvement, it shall provide written notice of such disapproval to the Owner. Disapproval by the ARB may be appealed to the Board of Directors of the Association, and the determinations of the Board of Directors shall be dispositive. If the ARB does not act within the thirty (30) day period from the date the ARB receives all required information (unless an extension is agreed to), the Plans for the Proposed Improvements shall be deemed not to have been approved. No construction on any Lot or within the Property shall be commenced, and no Residence shall be modified, except in accordance with such approved Plans.

(e) Landscaping. A detailed landscaping plan for each Lot must be submitted to and approved by the ARB as part of the plans and documents for the Initial Improvements. The landscape plan shall include the necessary information to show that the landscaping will comply with the tree mitigation plan approved by the City of Jacksonville including trees to be protected and planted to provide the necessary tree mitigation required by such plan. The landscaping of the Lot shall be completed in accordance with the landscaping plan prior to the initial occupancy of the Residence. In the event the landscaping is not completed after the initial occupancy of the Residence, the Association shall have the right to enter upon the Lot and complete the landscaping in accordance with the approved plans, in the same manner as exterior maintenance may be performed by the Association pursuant to Section 3.4 of this Declaration. The Association shall be entitled to a Damage/Repair Assessment which shall create a lien against the

Lot in an amount equal to one hundred and twenty percent (120%) of the cost to complete the landscaping, which shall be collected as provided in Section 7.4 hereof.

(f) Variances. The ARB may authorize a variance from compliance with any of the architectural provisions of this Declaration when circumstances such as topography, natural obstructions, hardships of aesthetic or environmental consideration justify such variances in the opinion of the ARB. The authorization shall be in writing. If such a variance is granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not however, operate to waive any of the terms and provisions this Declaration for any purpose except as to the particular Lot and the particular provisions of this Declaration covered by the variance, nor shall it affect in any way the Owners' obligation to comply with all governmental laws and regulations, including, but not limited to, zoning ordinances and set back lines or requirements imposed by any governmental or municipal authority, Provided however, in no event shall granting of a variance set a precedent which requires the granting of another such variance.

(g) Enforcement. The Board of Directors shall have the authority and standing on behalf of the Association to enforce, in courts of competent jurisdiction, the decisions of the ARB.

9.4. Architectural Guidelines. The ARB shall consider the following provisions in connection with their review, together with any architectural guidelines issued by the ARB from time to time. Specific references to the ARB in these provisions shall not be construed as a limitation of the general review power of the ARB, as set forth in this Article.

(a) Building Type. No building shall be erected, altered, placed or permitted to remain on any Lot, other than one detached single family Residence which shall not exceed thirty five (35) feet in height and shall have a private and enclosed garage with an entry for not less than two (2) cars.

(b) Roofs. Flat roofs and protrusions through roofs for power ventilators or other apparatus shall not be permitted unless approved by the ARB, in its sole discretion, as a part of the Initial Improvements. Minimum pitch of roof will be 6:12. Roofing and shingle material shall be approved by the ARB as to Initial Improvements as to color and material. Any reroofing or reshingling of the Residence other than with the same materials and same color shall be approved by the ARB,

(c) Garage. All Residences shall have a garage for at least two (2) cars. No carports will be permitted unless approved by the ARB. Automatic garage doors are required to be installed as part of the Initial Improvements on each Lot for all garage doors.

(d) Driveway Construction. All Residences shall have a paved or pavers driveway of stable and permanent construction of a width of at least sixteen feet (16), at the entrance of the

garage. All driveways must be constructed with approved materials. Decorative materials such as pavers or stamped concrete are required for all driveways as approved by the ARB.

(e) Fence. The use of fences, walls and other forms of visual screens throughout the Property shall be subject to prior approval of the ARB.

(f) Minimum Residence Area. Each Residence constructed must contain at least Two Thousand square feet (2,000) of heated and air conditioned floor area. This excludes porches, garages, etc.

(g) Setback Restrictions. Setbacks for the development are as follows: Front – 20', Rear – 10' and Side – 5'. All setbacks shall be measured from the exterior wall of the Residence to the applicable boundary and shall not include stairs, decks, patios or air conditioning pads.

(h) Antennae and Other Device. Unless prior written approval has been obtained from the ARB, as applicable, no exterior radio or television antenna, satellite dish or other receiving or transmitting device, antenna, aerial, solar panel or other solar collector, windmill, or any similar exterior structure or Apparatus may be erected or maintained anywhere within the Property. In considering whether to approve such devices the ARB shall consider the size of the device and whether it is visible from other Lots or any road.

(i) Artificial Vegetation. No artificial grass, plants, or other artificial vegetation shall be placed or maintained upon the exterior portion of any Lot, unless approved by the ARB.

(j) Lighting. No external lighting shall be installed without the prior approval of the ARB. No lighting will be permitted which alters the residential character of the Property. This does not include uplighting on plants.

(k) Utility Connection. Building connections for all utilities, including, but not limited to, water, electricity, telephone and television, shall be run underground from the connecting points to the Residence in a manner acceptable to the governing utility authority. No window air conditioning units shall be permitted.

(l) Window Covering. Reflective window coverings are expressly prohibited, and only neutral, solid colored window coverings shall be permitted on any Residence. The ARB may prohibit window treatments which are not reasonably compatible with the aesthetic standards of the Property.

(m) Mailboxes. No mailbox, paper box or other receptacle of any kind for any use in the delivery of mail, newspapers, magazines, packages, or similar materials shall be erected on any Lot, without the approval of the ARB.

(n) Energy Conservation. Solar energy and other energy conservation devices including clotheslines are not prohibited or discouraged, but the design and appearance of such

devices will be closely scrutinized and controlled by the ARB, to assure consistency with the aesthetic standards of the Property and that they are appropriately screened.

(o) Interference with Roads or Easements. Without limiting or qualifying the other provisions of this Declaration, nothing shall be erected, constructed, planted or otherwise placed in such a position so as to create a hazard or block the vision of motorists upon any roads within or adjacent to the Property. No modification, alteration, or improvement shall interfere with the easements or other rights set forth in this Declaration.

(p) Construction Limitations. The construction of any improvements on the Property shall take place during reasonable times as established by the ARB. Construction vehicles shall be parked only on the lot on which construction is taking place and shall not be parked on the Private Road. Construction of all improvements shall be diligently pursued so that such construction is completed within nine (9) months or such other time frame as approved by the ARB.

(q) Air Conditioner and Other Equipment. All air conditioning and other equipment constructed on the exterior of a Lot (such as swimming pool equipment) shall be enclosed with construction materials matching the main Residence or concealed by appropriate landscaping, as approved by the ARB.

9.5. Remedy for Violation. In the event any Proposed Improvement is constructed without first obtaining the approval of the ARB or is not constructed in strict compliance with any approval given or the provisions of this Article are otherwise violated, the ARB, through the Association, shall have the specific right to obtain specific performance, an injunction or other equitable relief to require the Owner to comply with the Declaration or to stop, remove, and alter any improvements in order to comply with the requirements hereof, or the ARB may pursue any other remedies available to it. In connection with this enforcement section, the ARB shall have the right to enter into any Lot or Residence and make any inspection necessary to determine that the provisions of this Declaration have been complied with. The failure of the ARB to object to any Proposed Improvement prior to its completion shall not constitute a waiver of the ARB's right to enforce this Article. The foregoing rights shall be in addition to any other remedy set forth herein for violations of this Declaration.

9.6. Reservation of Right to Release Restriction. In each instance where a structure has been erected, or construction thereof has substantially advanced, in such a manner that some portion of the structure encroaches on any Lot line, setback line, or easement area, Developer reserves for itself, its successors, assigns and designees, the right to release such Lot from the encroachment and to grant an exception to permit the encroachment without the consent or joinder of any Owner, irrespective of who owns the burdened Lot or easement areas, so long as Developer, in the exercise of its sole discretion, determines that the release or exception will not materially or adversely affect the value of the adjacent Lot and the overall appearance of the Property. Any such grant of exception shall in no way permit such exception to exist unless approved by county, easement holder, etc. This reserved right shall automatically pass to the Association when Developer no longer owns any portion of the Property. Upon granting of an

exception to an Owner, the exception shall be binding upon all subsequent Owners of the affected Lots.

9.7. No Liability. Notwithstanding anything contained herein to the contrary, the ARB shall merely have the right, but not the obligation, to exercise architectural control, and shall not be liable to any Owner, its successors, assigns, personal representatives, or heirs, due to the exercise or non-exercise of such control or the approval or disapproval of any Proposed Improvement. Furthermore, the approval of any plans and specifications or any Proposed Improvements shall not be deemed to be a determination or warranty that such plans and specifications or Proposed Improvements are complete, do not contain defects, or in fact meet any standards, guidelines, or criteria of the ARB or are in fact architecturally or aesthetical appropriate, or comply with any applicable governmental requirements, and neither the ARB nor the Association shall be liable for any defect or deficiency in such plans and specifications or Proposed Improvements, or any injury to persons or property resulting herefrom.

X. USE OF PROPERTY

10.1. Protective Covenants. In order to keep the Property a desirable place to live for all Owners, the following protective covenants are made a part of this Declaration. Without limiting any of the provisions or requirements hereof, the specific references to ARB approval set forth in this Article or elsewhere in this Declaration shall not be construed as a limitation of the requirements of this Article.

(a) Lot subdivision. No Lot shall be further subdivided, replatted, or separated into smaller Lots by any Owner. Provided however, this restriction shall not prohibit corrective deeds or similar corrective instruments. Developer shall have the right to reconfigure Lots or modify subdivision plats of the Property if Developer owns all the Lots within the legal description of the Property to be subjected to the replat, or if all Owners of Lots which are included within the portion of the plat so modified consent to such modification, which consent shall not be unreasonably withheld or delayed.

(b) Residential Use. Each Lot shall be used, improved and devoted exclusively to single family residential use, and for no commercial purpose. No time share ownership of Lots shall be permitted without Developer's approval. Nothing herein shall be deemed to prevent any Owner from leasing a Residence, subject to all of the provisions of the Declaration, Articles, and Bylaws, nor to prevent Developer from convening the use of a platted lot to a road for ingress and egress from an adjacent Lot or land. The foregoing restriction shall not operate to prevent Developer or its designees from using one or more Residences as model homes during the development and sale of the Property nor from undertaking such activities as are necessary and convenient to develop the Property or construct Residences thereon. No other business or commercial use may be made of any part of the Property. Provided, however, an occupant of a Residence who maintains a personal or professional library, keeps personal or professional books or accounts, conducts personal business (provided that such use does not involve customers, clients, employees, licensees or invitees regularly visiting the Residence), or makes professional

telephone calls or correspondence in or from a Residence is engaging in a residential use and shall not be deemed to be in violation of this paragraph by reason thereof.

(c) Nuisances Other Improper Use. No nuisance shall be permitted to exist on any Lot or Common Property so as to be detrimental to any other Lot in the vicinity thereof or its occupants, or to the Common Property. Any activity on a Lot which interferes with television, cable, or radio reception on another Lot shall be deemed a nuisance and a prohibited activity. No immoral, offensive, or unlawful use shall be made of the Property or any part thereof. All laws, zoning ordinances, orders, rules, regulations, and requirements of any governmental agency having jurisdiction relating to any portion of the Property shall be complied with by and at the sole expense of the Owner or the Association, whichever shall have the obligation to maintain or repair such portion of the Property. No waste will be committed upon the Common Property. Owners hereby acknowledge that construction and development activities on or about the Property during daylight hours shall not be deemed to be a nuisance. The determination of the Board of Directors as to what may be or become a nuisance shall be conclusive.

(d) Insurance. Nothing shall be done or kept in any Residence, Lot, or in the Common Property which will increase the rate of insurance for the Property or any other Lot, or the contents thereof, without the prior written consent of the Association. No Owner shall permit anything to be done or kept in his Residence, on his Lot, or in the Common Property which will result in the cancellation of insurance on the Property or any other Lot, or the contents thereof, or which would be in violation of any law.

(e) Access. Owners shall allow the Board of Directors or the agents and employees of the Association to enter any Lot for the purpose of maintenance, inspection, repair, replacement of the improvements within the Lot, or in case of emergency, for any lawful purpose, or to determine compliance with this Declaration.

(f) Pets. No animals, livestock, or poultry shall be raised, bred, or kept any where within the Property, except that three (3) dogs, cats, or caged birds (or any combination thereof, not exceeding three animals) may be kept by an Owner or occupant of a Lot, but only if such permitted pets do not constitute a nuisance on the Property. All pets must be held or kept leashed or otherwise appropriately restrained at all times they are on the Common Property, and all owners of pets shall be held strictly responsible to immediately collect and properly dispose of the wastes and litter of their pets. The Association reserves the right to designate specific areas within the Common Property where pets may be walked on leashes by their Owners. The Association further reserves the right to demand that all Owner permanently remove from the Property all pets which create disturbances or annoyances that constitute nuisances or a threat to personal safety, in the sole determination of the Board of Directors. The decision of the Board of Directors in such matters is conclusive and shall be enforced by the Association.

(g) Signs. No sign, advertisement or notice of any type or nature whatsoever including, without limitation, "For Sale", and "For Lease" signs, shall be erected or displayed upon any Lot, Residence, the Common Property, or from any window, unless express prior written approval of its size, shape, appearance and location has been obtained from the ARB,

which approval may be withheld for any reason, and the ARB may, in its sole discretion, prohibit all signs. If signs are permitted, the ARB may establish a uniform sign design which shall be complied with by all Owners. Notwithstanding the foregoing, Developer, and those persons or entities specifically designated by Developer, shall be permitted to post and display advertising signs on the Property for the marketing, sale, or rental of Lots.

(h) Parking. No boats, commercial vehicles, vehicles with lettering or signs, trailers or recreational vehicles may be stored or parked within the Property except wholly within a closed garage. Only automobiles bearing current license and registration tags, as required pursuant to state law, shall be permitted to be parked on any of the Property, unless within the garage. All parking within the Property shall be in accordance with rules and regulations adopted by the Association.

(i) Visibility at Street Intersections. No obstruction to visibility at street intersections shall be permitted. The ARB and Developer shall have the right to adopt additional restrictions concerning the height and type of trees and shrubs within any of the Lots.

(j) Garbage and Trash Containers. All garbage and trash containers must be placed and maintained in accordance with rules and regulations adopted by the Board of Directors. No garbage or trash shall be placed elsewhere and no portion of the Property shall be used for dumping refuse.

(k) Temporary Structures. No structure of a temporary character, including, without limitation, any trailer, tent, shack, barn, shed, or other outbuilding, shall be permitted on any Lot at any time. The foregoing restriction shall not preclude Developer or its designees from maintaining temporary structures for the purpose of construction of any improvements or Residences.

(l) Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot or on the Property.

(m) Hazardous Material. No hazardous or toxic materials or pollutants shall be maintained, stored, discharged, released, or disposed of in or under the Property except in strict compliance with applicable statutes, rules and regulations. Fuel or gas storage tanks or other flammable, combustible, or explosive fluids, materials, or substances for ordinary household use may be stored or used in the Property only in strict compliance with manufacturers' directions; and applicable safety laws and codes, and shall be stored in containers specifically designed for such purposes.

(n) Removal of Trees. In order to preserve the environment, the natural setting of the Property and migratory bird populations, no trees which remain on a Lot at the time of

completion of the Initial Improvements thereon shall be felled, removed, or cut down unless specifically approved as granted by the ARB or Developer.

(o) Garages. Garage doors shall be kept closed except when automobiles are entering or leaving the garage. No garage shall at any time be used as a Residence or converted to become part of the Residence, except if another garage is constructed in compliance with the provisions hereof. Provided, however, a garage may be used by Developer as a sales office during the marketing of the Property.

(p) Soliciting. No soliciting will be allowed at any time within the Property.

10.2. Amendments and Modifications. The Board of Directors and the ARB may from time to time adopt and amend additional rules and regulations governing the details of the operation, use, maintenance and control of the Residences, Lots, Common Property and any facilities or services made available to the Owners. A copy of the rules and regulations adopted from time to time as herein provided shall be available to each Owner.

10.3. Compliance. It shall be the responsibility of all Owners, family members of Owners, and their authorized guests and tenants to conform with and abide by the rules and regulations in regard to the use of the Residences, Lots, and Common Property which may be adopted in writing from time to time by the Board of Directors and the ARB, and to see that all persons using the Owner's Lot(s) do likewise.

XI. INSURANCE

11. 1. Types of Coverage.

(a) Insurance of Common Property. The Board of Directors shall obtain liability insurance on the Common Property and, to the extent the Board of Directors deems reasonable or necessary, may obtain casualty insurance and increase the amounts of liability insurance, all as is consistent with prudent business judgment, including the following:

(i) Hazard insurance on the Common Property and any improvements constructed thereon, with extended coverage, vandalism, malicious mischief and windstorm endorsements in an amount not less than that necessary to comply with the coinsurance percentage stipulated in the policy, and in any event not less than eighty percent (80%) of the insurable value (based upon replacement cost) of the improvements constructed on the Common Property.

(ii) Public liability insurance in such limits as the Board of Directors may from time to time determine, insuring against any liability arising out of, or incident to, the ownership and use of the Common Property. Such insurance shall be issued on a comprehensive liability basis and shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent

acts of the Association, the Board of Directors, or other Owners. The Board of Directors shall review such limits once each year.

(d) Insurance of the Lots. It shall be the responsibility of each Owner to obtain, at his own expense, liability insurance with respect to the ownership and use of his Lot, including his Residence, and the Association shall not be responsible for obtaining such insurance or have any liability whatsoever in connection therewith. It shall be the responsibility of each Owner to obtain and maintain hazard insurance and insurance against the perils customarily covered by an extended coverage endorsement in an amount equal to not less than the full replacement cost of the Residence.

(e) Director and Officer Liability Insurance. The Board of Directors may obtain, as a matter of common expense payable from the Annual Assessments, liability insurance against personal loss for actions taken by members of the Board of Directors and officers of the Association in the performance of their duties. Such insurance shall be of the type and amount determined by the Board of Directors, in its discretion.

(f) Other Coverage. The Board of Directors shall obtain and maintain worker's compensation insurance, if and to the extent necessary to meet the requirements of law, and such other insurance as the Board of Directors may determine or as may be requested from time to time by a majority of the Owners. The Board of Directors may from time to time increase or decrease the types and amounts of insurance coverage, as may be necessary or convenient to comply with requirements of Mortgagees or based upon the cost and availability of such coverage.

11.2. Repair and Reconstruction After Casualty.

(a) Common Property. In the event of damage to or destruction of all or any the improvements on the Common Property as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration of such improvements substantially in accordance with the plans and specifications under which the improvements were originally constructed, or any modification thereof approved by the ARB. The Board of Directors shall proceed towards reconstruction of such improvements as quickly as practicable under the circumstances, and shall obtain funds for such reconstruction from the insurance proceeds and any Special Assessments that may be necessary after exhausting reserves for the repair and replacement of such improvements. Nothing contained herein shall impose absolute liability for damages to the Common Property on the Owners.

(b) Residences. Any Owner whose Residence is destroyed or damaged by fire or other casualty shall immediately proceed to rebuild and restore his Residence to the conditions existing immediately prior to such damage or destruction, unless other plans are approved in accordance with the provisions of Article VIII above. Provided, however, if the damage is so extensive that the Owner determines not to rebuild the Residence, the Owner may remove all remaining improvements and debris and sod the Lot. In such event, all obligations for landscaping on the part of Owner shall remain in effect.

XII. ASSOCIATION LIABILITY

12.1. Disclaimer of Liability. Notwithstanding anything contained in this Declaration, in the Articles or Bylaws, or in any other document governing or binding the Association (collectively, "Association Documents"), neither Developer nor the Association shall be liable or responsible for, or shall be deemed in any manner a guarantor or insurer of, the health, safety or welfare of any Owner, occupant, or user of any portion of the Property, including, without limitation, Owners, occupants, tenants, and their families, guests, invitees, agents, servants, contractors or subcontractors, nor for any property of such persons.

12.2. Specific Provision. Without limiting the generality of the foregoing:

(a) It is the express intent of the Association Documents that the various provisions thereof which are enforceable by the Association and which govern and regulate the use of the Property have been written and are to be interpreted and enforced for the sole purpose of enhancing and maintaining the enjoyment of the Property and the value thereof.

(b) Neither Developer nor the Association is empowered, nor have they have been created, to act as an entity which enforces or insures compliance with the laws of the United States of America, the State of Florida, the County, or any other jurisdiction, or prevents tortious or criminal activities.

(c) The provisions of the Association Documents setting forth the uses of Assessments which may relate to health, safety, or welfare shall be attributed and implied only as limitations on the usage of such funds, and not as creating an obligation of the Association or Developer to protect the health, safety or welfare of any persons.

12.3. Owner Covenant. Each Owner, for himself and his heirs, legal representatives, successors and assigns (by virtue of his acceptance of title of his Lot), and every other person or entity having an interest in or a lien upon, or making use of any portion of the Property (by virtue of accepting such interest or lien or making use thereof), shall be bound by this Article and shall be deemed to automatically waive all rights, claims, demands, and causes of action against the Association or Developer arising from or connected with any act or omission for which the liability of the Association or Developer has been described in this Article.

XIII. GENERAL PROVISIONS

13.1. Duration. This Declaration, as amended and supplemented from time to time, shall run with and bind the Property, and shall inure to the benefit of and be binding upon Developer, the Association, the Owners, and their respective legal representatives, heirs, successors or assigns, for a term of forty (40) years from the date of this Declaration is recorded in the public records of the County, after which time all of said provisions shall be extended automatically for successive periods of ten (10) years each, unless an instrument or instruments signed by the then Owners of seventy five percent (75%) of the Lots subject to this Declaration is recorded in the public records of the County, agreeing to terminate all of said provisions as of a

specified date. Unless this Declaration is terminated as provided above, the Association shall rerecord this Declaration or other notice of its terms at intervals necessary under Florida law to preserve its effect.

13.2. Condemnation. In the event all or part of the Common Property owned by the Association shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages shall be paid to the Association. The Board of Directors shall have the right to act on behalf of the Association with respect to the negotiation and litigation of the taking or condemnation affecting such Property. The Owners holding seventy five percent (75%) of the votes shall agree to the distribution of the proceeds of any condemnation or taking by eminent domain, and if the Owners shall not so agree, such proceeds shall be added to the funds of the Association.

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

13.4. Enforcement of Covenants. If any person, firm, corporation, trust, or other entity shall violate or attempt to violate any of the covenants or restrictions set forth in this Declaration, it shall be lawful for Developer, the Association, or any Owner: (a) to prosecute proceedings for the recovery of damages against those so violating or attempting to violate any such covenant or restriction: or (b) to maintain a proceeding in any court of competent jurisdiction against those so violating or attempting to violate any such covenant or restriction for the purpose of preventing or enjoining all or any violations or attempted violations or for specific enforcement of the provisions. In addition to all other remedies, the Board of Directors shall have the authority, in its sole discretion, to impose a fine or fines upon any Owner for failure of the Owner, his family, guests, invitees, tenants, or occupants, to comply with any covenant, restriction, rule, or regulation contained in this Declaration, the Articles, or the Bylaws, provided the following procedures are adhered to:

- (i) The Association shall notify the Owner or occupant of the infraction(s) and the date and time of a meeting which shall be at least fourteen (14) days from the date of the notice. The Owner shall meet with a committee appointed by the Board, which committee is composed of three (3) Owners persons who are not officers, directors or employees of the Association.
- (ii) At such meeting, the committee shall be presented with the infraction(s) and shall give the Owner or occupant the opportunity to present reasons why penalties should not be imposed. A written decision of the committee shall be provided to the Owner or occupant within twenty one (21) days after the date of the meeting.
- (iii) If approved by the committee, the Board of Directors may impose fines against the applicable Lot of up to Fifty Dollars (\$50.00) per incident or occurrence. The

maximum permitted fine may be increased from time to time by the Board of Directors, as permitted by applicable statutes.

- (iv) Each incident which is grounds for a fine shall be the basis for a separate fine, in case of continuing violations, each continuation after notice is given shall be deemed a separate incident.
- (v) Fines shall be paid within thirty (30) days after the receipt of notice of their imposition.
- (vi) All monies received from fines shall be allocated as directed by the Board of Directors.
- (vii) The imposition of a fine shall not be an exclusive remedy and shall exist in addition to all other rights and remedies to which the Association may otherwise be entitled, including without limitation the right to impose a Damage/Repair Assessment, however, any fine paid by the Owner or occupant shall be deducted from or offset against any damages which the Association may otherwise be entitled to recover by law from such Owner or occupant. The limitation on fines in this paragraph does not apply to suspensions or fines arising from failure to pay assessments.
- (viii) The remedies contained in this section shall be construed as cumulative of all other remedies now or hereafter provided by law. The failure of Developer, the Association, or any Owner, or their respective successors or assigns, to enforce any covenant, restriction, obligation, right, power, privilege, authority, or reservation herein contained, however long continued, shall not be deemed a waiver of the right to enforce the same thereafter as to the same breach or violation, or as to any other breach or violation occurring prior or subsequent thereto.

13.5. Interpretation. Unless the context expressly requires otherwise, the use of the singular includes the plural and vice versa, the use of any gender includes all genders; the use of the terms "including" or "include" is without limitation; and the use of the terms "will", ".must", and "should*" shall have the same effect as the use of the term "shall". Wherever any time period is expressed in days, if such time period ends on a Saturday, Sunday, or legal holiday, it shall be extended to the next succeeding calendar day that is not a Saturday, Sunday, or legal holiday. The terms "Lot" and "Property" mean all or any portion applicable to the context, and include all improvements, fixtures, trees, vegetation, and other property from time to time situated thereon, and the benefit of all appurtenant easements. The terms of this Declaration shall be liberally construed in favor of the party seeking to enforce its provisions to effectuate their purpose of protecting and enhancing the value, marketability, and desirability of the Property by providing a uniform and consistent plan, for the development and enjoyment thereof. Headings and other textual divisions are for convenience only and are not to be used to interpret, construe, apply, or

enforce any substantive provisions. The provisions of this subparagraph apply also to the interpretation, construction, application, and enforcement of all the Association Documents.

13.6. Invalidity. The invalidity of any part of this Declaration shall not impair or effect in any manner the validity, enforceability, or effect of the balance of the Declaration which shall remain in full force and effect.

13.7. Rules and Regulation. All Owners shall comply with the rules and regulations adopted and amended from time to time by the Board of Directors, the ARB and this Declaration. Such rules and regulations shall be for the purpose of elaboration and administration of the provisions of this Declaration and shall relate to the overall development of the Property, and shall not in any way diminish the powers of self-government of the Association.

13.8. Litigation. No judicial or administrative proceedings shall be commenced or prosecuted by the Association unless the same is approved by a vote or written consent of the Owners of seventy five percent (75%) of the Lots subject to this Declaration. This paragraph shall not apply, however, to (a) actions brought by the Association to enforce any provision of this Declaration (including, without limitation, foreclosure of lien and enforcement of architectural review standards), (b) imposition of Assessments as provided herein, (c) proceedings involving challenges, to any taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. Notwithstanding the provisions of this paragraph, this paragraph shall not be amended unless such Amendment is approved by Developer or is approved by the percentage vote pursuant to the same procedures as are necessary to institute proceedings provided above.

13.9. Amendment. This Declaration may be amended at any time by an instrument signed by the President or Vice President and the Secretary or Assistant Secretary of the Association, certifying that such amendment has been adopted by the written consent of seventy five percent (75%) of the Class A Members or upon a seventy five percent (75%) vote of the Class A Members voting in person or by proxy at a regular Association meeting or a special meeting called for that purpose at which there is a quorum, which amendment shall become effective upon its filing in the public records of the County. Provided, however, that:

(a) As long as Developer is an Owner of any Lot, no amendment shall become effective without the written consent of Developer.

(b) Until Turnover, and in the event that any of the Lots are encumbered by a mortgage guaranteed by the VA, any amendments to this Declaration (including, without limitation, any amendment which results in the merger or consolidation of the Association with any other property owners association and the dedication of any part of the Common Property for public use) must have prior written approval of the VA in accordance with HUD regulations.

(c) Developer specifically reserves the absolute and unconditional right (subject only to VA approval as set forth above, if required), so long as it owns any of the Property, to amend this Declaration without the consent or joinder of any party: (i) to conform to the requirements of

any holder of a Mortgage, (ii) to conform to the requirements of title insurance companies; (iii) to conform to the requirements of any governmental entity having control or jurisdiction over the Property; (iv) to clarify the provisions of this Declaration; or (v) in such other manner as Developer may deem necessary or convenient.

(d) Amendments to the Articles and Bylaws shall be made in accordance with the requirements of Articles and Bylaws and need not be recorded in the public records of the County.

13.10. Rights of Mortgages. All Mortgagees shall have the following rights:

(a) During normal business hours, and upon reasonable notice and in a reasonable manner, to inspect current copies of the Association Documents and the books, records and financial statements of the Association.

(b) Upon written request to the Secretary of the Association, to receive copies of the annual financial statements for the immediately preceding fiscal year of the Association, provided, however, the Association may make a reasonable, uniform charge to defray its costs incurred in providing such copies.

(c) To designate a representative to attend all meetings of the Members of the Association who shall be entitled to a reasonable opportunity to be heard in connection with any business brought before such meeting, but in no event shall be entitled to vote thereon.

(d) By written notice the Secretary of the Association, and upon payment to the Association of any reasonable uniform annual fee established from time to time by the Association to defray its costs, to receive: (i) any notice that is required to be given to the Class A Members under any provision of the Association Documents; (ii) written notice of any condemnation or casualty loss affecting a material portion of the Property or any Lot encumbered by its Mortgage; (iii) any sixty (60) day delinquency in the payment of Assessment Charges imposed upon any Lot encumbered by its Mortgage; (iv) the lapse, cancellation, or material modification of any insurance coverage or fidelity bond maintained by the Association; and (v) any proposed action requiring the consent of a specified percentage of Mortgagees.

13.11. Legal Fees and Costs. The prevailing party in any dispute arising out of the subject matter of this Declaration or its subsequent performance shall be entitled to reimbursement of its costs and attorney's fees, whether incurred before or at trial, on appeal, in bankruptcy, in post-judgment collection, or in any dispute resolution proceeding, and whether or not a lawsuit is commenced.

13.12. Law to Govern. This Declaration shall be governed by and constrained in accordance with the laws of the State of Florida, both substantive and remedial.

13.13. Assignment of Developer's Right. Developer may assign all or only a portion of its rights hereunder, or all or a portion of such rights in connection with appropriate portions of

the Property. In the event of such a partial assignment, the assignee shall not be deemed to be the Developer but may exercise such rights of Developer specifically assigned to it. Any such assignment may be made on a nonexclusive basis. In addition, in the event that any person or entity obtains title to all of the Property owned by Developer as a result of foreclosure or deed in lieu thereof, such person or entity may elect to become the Developer by written election recorded in the public records of the County), and regardless of the exercise of such election, such person or entity may appoint the Developer or assign any rights of Developer to any other party which acquires title to all or any portion of the Property by written appointment recorded in the public records of the County. In any event, no subsequent Developer shall be liable for any actions or defaults of, or obligations, incurred by any prior Developer, except as the same may be expressly assumed by the subsequent Developer.

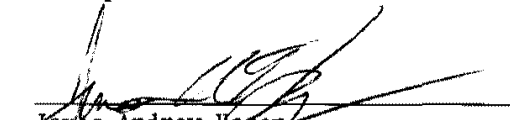
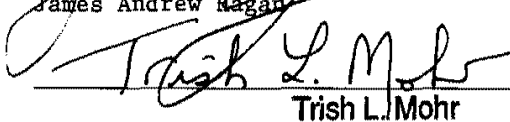
13.14. Tax Deeds and Foreclosure. All provisions of the Declaration relating to a Lot which has been sold for taxes or special assessments survive and are enforceable after the issuance of a tax deed or upon foreclosure of an Assessment, a certificate of lien, a tax deed, tax certificate or tax lien, to the same extent that they would be enforceable against a voluntary grantee of title before such transfer.

13.15. Conflict. In the event of any conflict between the provisions of this Declaration, the Articles and the Bylaws, the provisions of this Declaration shall control and prevail.

IN WITNESS WHEREOF, the undersigned has caused this Declaration to be executed in its name the day and year first above written.

Signed, sealed and delivered
in the presence of:

MHK OF VOLUSIA COUNTY, INC., a
Florida Corporation


James Andrew Magan

Trish L. Mohr

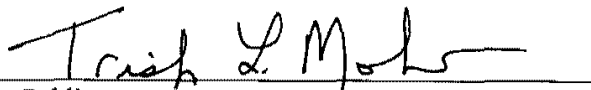
By: 
CYNTHIA C. JONES, President

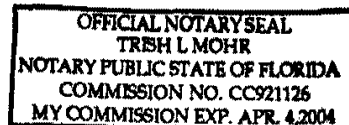


STATE OF FLORIDA
COUNTY OF VOLUSIA

The foregoing instrument was acknowledged before me on this 31st day of March, 2003, by Cynthia C. Jones, President of MHK of Volusia County, Inc., a Florida Corporation, who is personally known to me and who did not take an oath.

My Commission Expires:


Notary Public
Typed Name: Trish L. Mohr
Commission No.:



ARTICLES OF INCORPORATION
OF
HIGHLAND GLEN OWNERS ASSOCIATION, INC.

(a Corporation Not-for-Profit)

In compliance with the requirements of Chapter 617 of the Florida Statutes, the undersigned, all of whom are residents of Florida and all of whom are of full age, have this day voluntarily associated themselves together for the purpose of forming a corporation not for profit and so hereby certify:

ARTICLE I

The name of the corporation is HIGHLAND GLEN OWNERS ASSOCIATION, INC.

ARTICLE II

The principal office of the Association is located at 2359 Beville Road, Daytona Beach, Florida, 32119.

ARTICLE III

Morteza Hosseini-Kargar, whose address is 2359 Beville Road, Daytona Beach, FL 32119, is hereby appointed the initial registered agent of this Association.

ARTICLE IV

PURPOSES AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residential lots and Common Areas, and to promote the common interests of the residents within HIGHLAND GLEN including any additions thereto as may hereafter be brought within the jurisdiction of this Association. In furtherance of their purposes, the Association shall have the power to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration of Covenants, Conditions, Restrictions and Easements for Highland Glen, (hereinafter called the "Declaration") and all plats applicable to HIGHLAND GLEN, which plats and Declaration are to be recorded in Official Public Records of Duval County, Florida, and as the same may be amended from time to time. Capitalized terms herein shall have the meaning set forth in the Declaration;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

The assessments shall also be used for the maintenance and repair of the surface water or stormwater management systems including, but not limited to, work within retention areas, drainage structures and drainage easements and for maintenance and repair of the private roads, landscaping and walls within common areas;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) borrow money, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members;

(f) participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area;

(g) have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Florida by law may now or hereafter have or exercise;

(h) The Association shall operate, maintain and manage the surface water or stormwater management system(s) in a manner consistent with the St. Johns River Water Management District permit requirements and applicable District rules, and shall assist in the enforcement of the restrictions and covenants contained hereon;

(i) The Association shall levy and collect adequate assessments against members of the Association for the costs of maintenance and operation of the surface water or stormwater management system including, but not limited to, work within retention areas, drainage structures and drainage easements and for maintenance and repair of the private roads, landscaping and walls within common areas.

ARTICLE V MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject to the Declaration and the jurisdiction by the Association shall automatically be a member of the Association.

The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to, and may not be separated from ownership, of any Lot which is subject to the jurisdiction of the Association.

ARTICLE VI
VOTING RIGHTS

The Association shall have two classes of voting membership, as outlined below, which shall have the voting rights specified below:

Class A. Class A members shall consist of all of the Owners of Lots within any phase of HIGHLAND GLEN with the exception of MHK of Volusia County, Inc. (the "Developer"). Each Class A member shall be entitled to one (1) vote for each Lot owned. In the event any Owner has purchased two (2) adjacent Lots and has utilized both Lots for the situs of one single-family residence, such Owner shall be entitled to only one (1) vote. Following the Conversion Date, both Class A members and Class B members shall be entitled to vote in the affairs of the Association on the basis of one vote for each Lot owned, and Class A members, excluding any builder, contractor, or other who has purchased a Lot for the purpose of constructing improvements thereon for resale, shall be entitled to elect a majority of the Board of Directors. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as the fractional owners of such Lot agree in writing, but in no event shall more than one vote be cast with respect to any Lot, nor shall any fractional vote be cast. Decisions of the members shall be rendered in accordance with the provisions of the By-laws of the Association.

Class B. Class B shall consist of Developer and any person or entity to which Developer assigns its rights hereunder. Until the Conversion Date, the Class B member shall be entitled to cast three (3) votes for each vote that the Class A members are entitled to cast. Upon the occurrence of the Conversion Date, Class B members shall be entitled to cast one (1) vote for each Lot owned, but any member who is a builder, contractor, or other who has purchased a Lot for the purpose of constructing improvements thereon for sale shall not be allowed to vote for a majority of the Board of Directors. After the Conversion Date, the Association shall succeed to all of the rights, obligations and powers of Developer. The Conversion Date shall be defined as the earlier of the following to transpire:

- (a) the date the Developer voluntarily relinquishes control of the Association to the Class A members,
- (b) within three (3) months after Developer conveys ninety percent (90%) of all lots in all phases (including proposed phases) of the HIGHLAND GLEN subdivision, that will ultimately be governed by the Association; or
- (c) Ten (10) years after the date of the original recording of the Declaration in the public records of Duval County.

ARTICLE VII
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors composed of three (3) directors. Directors need not be members of the Association. The number of directors may be changed by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Donald Wilford, President	5150 Belfort Road, Building 700 Jacksonville, Florida 32256
Mark Ambach, Vice President	5150 Belfort Road, Building 700 Jacksonville, Florida 32256
Sherri Williams, Secretary	5150 Belfort Road, Building 700 Jacksonville, Florida 32256

All directors shall be appointed by Developer until the Conversion Date. After the conversion Date, all other directors shall be elected by a majority vote of the Class A members, except that any builder, contractor, or other who has purchased a Lot for the purpose of constructing improvements thereon shall not be entitled to vote for directors. The Conversion Date shall be defined as the earlier of the following occur:

- (a) the date Developer voluntarily relinquishes control of the Association to the Class A members;
- (b) within three (3) months after Developer conveys ninety percent (90%) of all lots in all phases (including proposed phases) of HIGHLAND GLEN, that will ultimately be governed by the Association; or
- (c) Ten (10) years after the date of the original recording of the Declaration in the public records of Duval County.

At the first annual meeting after the Conversion Date, the members shall elect one (1) director for a term of one (1) year, and one (1) director for a term of two (2) years and one (1) director for a term of three (3) years. At each annual meeting thereafter, the members shall elect a new director for a term of three (3) years.

ARTICLE VIII DISSOLUTION

The Association may be dissolved only with the assent given in writing and signed by not less than three-fourths (3/4) of the members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted such similar purposes.

In the event of termination, dissolution or final liquidation of the Association, the responsibility for the operation and maintenance of the surface water or stormwater management system must be transferred to and accepted by an entity which would comply with Section 40C-42.027, F.A.C., and be

approved by the St. Johns River Water Management District prior to such termination, dissolution or liquidation.

ARTICLE IX
DURATION

The corporation shall exist perpetually unless otherwise described as provided above.

ARTICLE X
AMENDMENTS

Except where otherwise provided herein, amendment of these Articles may be made provided such amendment does not conflict with the Declaration and shall require the assent of two-thirds (2/3) of the total votes entitled to be cast.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Florida, we, the undersigned, constituting the incorporator of this Association, have executed these Articles of Incorporation this 31st day of MARCH, 2003.



MORTEZA HOSSEINI-KARGAR
INCORPORATOR

ACKNOWLEDGEMENT

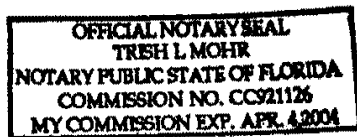
STATE OF FLORIDA
COUNTY OF VOLUSIA

The foregoing instrument was acknowledged before me this 31st day of MARCH, 2003, by Morteza Hosseini-Kargar, who is personally known to me or has produced _____ as identification.

NOTARY PUBLIC:

Sign: Trish L. Mohr
Print: Trish L. Mohr
State of Florida at Large

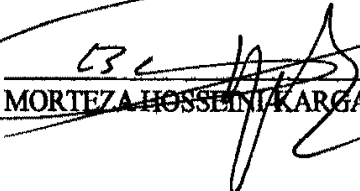
(Seal)



My Commission Expires: _____
Title/Rank: _____
Commission Number: _____

**DESIGNATION AND
ACCEPTANCE OF REGISTERED AGENT**

Having been named as Registered Agent for the above stated Association, the undersigned hereby agrees to act in this capacity, and the undersigned further agrees to comply with the provisions of all statutes relative to the proper and complete performance of the undersigned's duties.


MORTEZA HOSSEINI KARGAR

Dated: MARCH 31, 2003

EXHIBIT "B"

**BY-LAWS
HIGHLAND GLEN OWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is HIGHLAND GLEN OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 2359 Beville Road, Daytona Beach, Florida 32119, but meetings of Members and Directors may be held at such places as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

Section 1. "Association" shall mean and refer to HIGHLAND GLEN OWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "Property" shall mean and refer to that certain real property described as follows:

All of that certain property shown on the plat of HIGHLAND GLEN UNIT ONE as recorded in Plat Book 55, Pages 90, 90A, 90B, 90C and 90D, Public Records of Duval County, Florida (herein sometimes referred as the "HIGHLAND GLEN") and such additional real property as may hereafter be brought within the jurisdiction of the Association in the manner provided in the Declaration.

Section 3. "Common Area" shall mean all non-submerged, non-tidal real property (including improvements thereon) owned by or dedicated to the Association for the common use, enjoyment and/or benefit of the Owners; Developer shall have the right, but not the obligation, to convey additional property to the Association, and upon such conveyance said property (including the improvements thereon) shall become Common Area.

Section 4. "Lot" shall mean and refer to any separate numbered plot of land as shown upon any recorded subdivision plat of the Property.

Section 5. "Owner" shall mean and refer to the record title owner of fee simple title to any Lot, (whether one or more persons or entities), but excluding parties holding such interest merely as security for the performance of an obligation.

Section 6. "Developer" shall mean and refer to MHK of Volusia County, Inc., and its authorized successors and assigns.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, Restrictions and Easements for HIGHLAND GLEN dated March 31st 2003 and recorded in the Public Records of Duval County, Florida, and any amendment or modifications made in accordance with the provisions thereof.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III
MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held on the second Wednesday in the Month of December next following the date of incorporation of the Association or such other time as may be determined by the Board of Directors, and each subsequent regular annual meeting of the Members shall be held on the first Wednesday of each December each year thereafter, on or about the hour of six o'clock, p.m. or such other time as may be determined by the Board of Directors

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of Members entitled to cast one-fourth (1/4) of all of the votes entitled to be cast. Business conducted at any special meeting is limited to the purposes set forth in the notice of the meeting.

Section 3. Notice of Meetings. Written notice of each meeting of the Members (except a reconvened meeting for which a proper announcement is made as provided in Section 4 below) shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid or by hand delivery, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence in person and by proxy at the meeting of Members entitled to cast one tenth (1/10) of the total votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws.

If however, such quorum shall not be present or represented at any meeting, the Members entitled to vote at such meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting of the new date, time and place at which the meeting is to reconvene, until such time as a quorum shall be present. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, signed and dated, and shall state the date, time and place of the meeting for which it is given. A proxy is effective only for the specific meeting for which it is originally given, as the same may lawfully be adjourned and reconvened from time to time, and automatically expires ninety (90) days after the date of the meeting for which it was originally given. If the proxy specifically so provides, any proxy holder may appoint, in writing, a substitute

to act in his place. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV
BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors composed of three (3) directors, who need not be Members of the Association. Prior to the Conversion Date, as defined in the Declaration, all Directors shall be appointed by the Developer and at its pleasure. Only the Developer may remove a Director appointed by the Developer.

Section 2. Term of Office. At the first annual meeting after the Conversion Date, the members shall elect one (1) director for a term of one (1) year, and one (1) director for a term of two (2) years and one (1) director for a term of three (3) years. At each annual meeting thereafter, the members shall elect a new director for a term of three (3) years.

Section 3. Removal. Any director other than one appointed by Developer may be removed from the Board, with or without cause, by a majority vote of the Members of the Association entitled to vote at a duly called meeting. In the event of death, resignation or removal of a director (other than one appointed by Developer, who shall be replaced by Developer), his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting, which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. After Conversion, nomination for election to the Board of Directors shall be made by the Nominating Committee appointed by the Board of Directors or by a motion made from the floor at the annual meeting. Such nominations for Directors may be made from among Members or nonmembers.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI
MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then said meeting will be held on the following day.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director, unless waived.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Notice of Meetings. A meeting of the Board of Directors of the Association occurs whenever a quorum of the Board gathers to conduct Association business. All meetings of the Board must be open to all Members except for meetings between the Board and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege. Notices of all Board meetings must be posted in a conspicuous place within the property at least 48 hours in advance of a meeting, except in an emergency, or, if notice is not posted in a conspicuous place within the property, notice of each Board meeting must be mailed or delivered to each Member at least seven (7) days before the meeting, except in an emergency. After the Class A membership reaches 100%, notice may be given by provision of a schedule of Board meetings. An assessment may not be levied at a Board meeting unless the notice of the meeting includes a statement that assessments will be considered and the nature of the assessments. Directors may not vote by proxy or by secret ballot at board meetings, except that secret ballots may be used in the election of officers.

Section 5. Minutes. Minutes of all meetings of the Members of the Association and of the Board of Directors of the Association must be maintained in written form or in another form that can be converted into written form within a reasonable time. A vote or abstention from voting on each matter voted upon for each Director present at a Board meeting must be recorded in the minutes.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for infractions thereof;

(b) suspend the right of any Member, Member's tenants, guests or invitees to use the recreational facilities during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after at least fourteen (14) days notice and opportunity of hearing, for a period not to exceed sixty (60) days for infraction of rules and regulations. The directors may also levy fines, not to exceed \$50.00 per violation against any Member, tenant, guest or invitee for any violation of the terms of the Declaration, these By-laws or any rule or regulation, provided that no fine shall be levied without at least fourteen (14) days notice to the violator and an opportunity for hearing;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as it deems necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members entitled to vote;

(b) elect and supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot before the end of each year;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or bring an action at law against the Owner personally obligated to pay the same, and to settle or compromise any claim where deemed to be in the best interest of the Association.

(d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be

made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on the property owned by the Association and, at its sole discretion, to provide directors and officers with liability insurance coverage;

(f) cause officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the stormwater management systems and Common Area to be maintained including, but not limited to, maintenance of private roads, landscaping and walls within the common areas;

(h) cause the lawn maintenance of individual dwellings to be maintained, if authorized pursuant to the Declaration.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Officers. The officers of this Association shall be a president and vice-president, who shall at all times be Members of the Board of Directors, a secretary, and a treasurer, and such other offices as the Board of Directors may from time to time by resolution create.

Section 2. Election of Officers. All officers shall be elected by and serve at the pleasure of the Board of Directors. The election of officers shall take place at the first meeting of the Board of Directors and at each Board of Directors meeting that follows the meeting of the annual Members meeting, thereafter.

Section 3. Term. Unless an officer shall sooner resign, or shall be removed, or otherwise disqualified to serve, officers shall serve and hold office from the date of appointment until the Board of Directors meeting following the next annual meeting of Members.

Section 4. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office shall be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. Except as herein stated, no person shall simultaneously hold more than one of any of the other offices except in the case of special officers created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President: The president shall preside at all meetings of Members and of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all leases, mortgages, deeds, promissory notes and other written instruments and shall sign all checks unless the Board of Directors delegates this responsibility to others.

(b) Vice-President: The vice-president shall act in place of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

(c) Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Boards of Directors and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board of Directors.

(d) Treasurer: The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy to each of the Members.

ARTICLE IX INDEMNIFICATION

To the extent allowed by law each director and officer of the Association now or hereafter serving as such, shall be indemnified by the Association against any and all claims and liabilities to which he has or shall become subject by reason of serving or having served as such director or officer, or by reason of any action alleged to have been taken, omitted, or neglected by him as such director or officer; and the Association at its option, shall either undertake at its expense the defense of any claims made against any officer or director or shall reimburse each such person for all legal expenses reasonably incurred by him in connection with any such claim or liability, provided, however, that no such person shall be indemnified against, or be reimbursed for any expense incurred in connection with any claim or liability arising out of his own willful misconduct or gross negligence.

ARTICLE X
COMMITTEES

The Developer shall appoint an Architectural Review Committee (ARC), as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose. All committees shall be subject to the provisions of Section 4 of Article VI.

ARTICLE XI
BOOKS AND RECORDS

Section 1. Official Records. The Association shall maintain each of the following items, when applicable and or required by law, which constitute the official records of the Association:

- (a) Copies of any plans, specifications, permits, and warranties related to improvements constructed on the common areas or other property that the Association is obligated to maintain, repair, or replace.
- (b) A copy of the By-Laws of the Association and of each amendment to the By-Laws.
- (c) A copy of the Articles of Incorporation of the Association and of each amendment thereto.
- (d) A copy of the Declaration of Covenants and a copy of each amendment thereto.
- (e) A copy of the current rules of the Homeowners' Association.
- (f) The minutes of all meetings of the Board of Directors and of the Members, which minutes must be retained for at least seven (7) years.
- (g) A current roster of all Members and their mailing addresses and parcel identification.
- (h) All of the Association's insurance policies or a copy thereof, which policies must be retained for at least seven (7) years.
- (i) A current copy of all contracts to which the Association is a party, including, without limitation, any management agreement, lease, or other contract under which the Association has any obligation or responsibility. Bids received by the Association for work to be performed must also be considered official records and must be kept for a period of one year.
- (j) The financial and accounting records of the Association, kept according to good accounting practices. All financial and accounting records must be maintained for a period of at least seven (7) years. The financial and accounting records must include:
 - (1) Accurate, itemized, and detailed records of all receipts and expenditures.
 - (2) A current account and a periodic statement of the account for each Member, designating the name and current address of each Member who is obligated to pay assessments, the due date and amount of each assessment or other charge against the Member, the date and amount of each payment on the account, and the balance due.

- (3) All tax returns, financial statements, and financial reports of the Association.
- (4) Any other records that identify, measure, record, or communicate financial information.

Section 2. Inspection and Copying of Records. The official records shall be maintained within the state and must be open to inspection and available for photocopying by Members or their authorized agents at reasonable times and places within ten (10) business days after receipt of a written request for access. It shall suffice to comply with this section if a copy of the official records is available for inspection or copying in the community.

Section 3. The Board of Directors may adopt reasonable written rules governing the frequency, time, location, notice, and manner of inspections, and may impose fees to cover the actual costs of providing copies of the official records, including, without limitation, the costs of copying.

ARTICLE XII FINANCIAL MATTERS AND ASSESSMENTS

Section 1. Budgets. The Association shall prepare an annual budget. The budget must reflect the estimated revenues and expenses for that year and the estimated surplus or deficit as of the end of the current year. The budget must set out separately all fees or charges for recreational amenities, whether owned by the Association, the developer, or another person. The Association shall provide each Member with a copy of the annual budget or a written notice that a copy of the budget is available within ten (10) business days upon request at no charge to the Member.

Section 2. Financial Reporting. The Association shall prepare an annual financial report within sixty (60) days after the close of the fiscal year. The Association shall, within ten (10) business days thereafter, provide each Member with a copy of the annual financial report or a written notice that a copy of the financial report is available upon request at no charge to the Member. The financial report shall consist of either:

- (a) Financial statements presented in conformity with generally accepted accounting principles; or
- (b) A financial report of actual receipts and expenditures, cash basis, which report must show:
 - (1) The amount of receipts and expenditures by classification; and
 - (2) The beginning and ending cash balances of the Association.

Section 3. As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and Special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within fifteen (15) days after the due date, the assessment shall bear interest from the date of delinquency at the highest rate allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same

or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. A late charge of Twenty-Five Dollars (\$25.00) per assessment shall also be due if payment is not received within fifteen (15) days after the due date. An Owner may not waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XIII
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: HIGHLAND GLEN OWNERS ASSOCIATION, INC., a Florida corporation not-for-profit.

ARTICLE XIV
AMENDMENTS

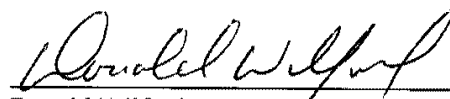
Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of fifty-five percent (55%) of the total number votes entitled to be cast by all Members.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control. In the case of any conflict between the Declaration and the Articles of Incorporation, the Declaration shall control.

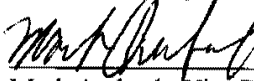
ARTICLE XV
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

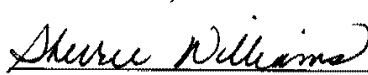
N WITNESS WHEREOF, we, being all of the directors of HIGHLAND GLEN OWNERS ASSOCIATION, INC., have hereunto set our hands this 1 day of APRIL, 2003.



Donald Wilford, President



Mark Ambach, Vice President



Sherri Williams, Secretary