

DECLARATION OF CONDOMINIUM
OF
LAKE DAMON SOUTH CONDOMINIUM

This declaration is made by DONALD R. JOHNSON, INC., herein called the "Developer", for itself, its successors, grantees and assigns.

1. CONDOMINIUM OWNERSHIP. The Developer hereby submits the property described on Schedule "A" attached hereto and all improvements on such land to condominium ownership as provided by Chapter 718, Florida Statutes, herein referred to as the "Condominium Act." No time share estate may be created in any unit in any phase in this condominium.

2. NAME. The name by which this condominium property is to be identified is LAKE DAMON SOUTH CONDOMINIUM.

3. THE LAND. This condominium may be developed in four phases. The land owned by Developer and which is hereby submitted to condominium as Phase One is that land in Highlands County, Florida, described in Schedule "A-1" attached hereto and herein called the "Land." The lands which may become Phase Two through Four, are those lands located in Highlands County, Florida, described in Schedules "A-2", "A-3" and "A-4" attached hereto, and herein called the "Phase Two", "Phase Three" and "Phase Four" lands, respectively.

4. DEFINITIONS. The terms used in this declaration shall have the meanings set forth in the Condominium Act unless the context of this declaration otherwise requires.

5. IDENTIFICATION OF UNITS. The units in Phase One of the condominium are identified as shown on Schedule "B" attached hereto. Phases Two through Four, if developed, will each consist of five units, similar in size to those units in Phase One.

6. IMPROVEMENTS AND COMMON ELEMENTS. The construction of the Condominium is not substantially completed. Phase One will be substantially completed in conformance with the survey, graphic description, and plot plan attached hereto as Schedule "B". Upon substantial completion of the improvements this declaration will be amended to include a certificate of a surveyor authorized to practice in this state that such construction of improvements is substantially complete and portraying an accurate representation of the location and dimensions of the improvement. Developer reserves the right to change the interior design and arrangement of all units so long as Developer owns the unit so altered. No change shall increase the number of units in Phase One or change the common elements, except by adding Phases Two through Four, without amendment of this declaration.

7. UNIT BOUNDARIES. The boundaries of each unit are as follows: (a) Upper boundary. The horizontal plane of the lower surfaces of the rough ceiling.

(b) Lower boundary. The horizontal plane of the upper surface of the rough floor.

(c) Perimeter boundary. The intersecting vertical planes of the inner surfaces of the rough exterior walls bounding a unit, and, when attached to the building, any balcony, patio, terrace, canopy, stairway or other portion of the building serving only the unit being bounded. In the case of ground floor units, such boundaries shall include any patio serving such unit.

8. COMMON ELEMENTS. Each unit owner in Phase One shall own an undivided one-fifth interest in the common element and shall bear the same proportion of common expenses of the condominium and shall own the same proportion of common surplus thereof. If Phase Two is developed, each owner in Phase One and Phase Two shall

own an undivided 1/10th interest in the common element. If Phase One, Phase Two and Phase Three are developed, each owner in Phase One, Phase Two and Phase Three shall own an undivided 1/15th interest in the common element. If Phase One, Phase Two, Phase Three and Phase Four are developed, each owner in Phase One, Phase Two, Phase Three and Phase Four shall own an undivided 1/20th interest in the common element. If any phase is not developed, only the common areas contained in that phase will not be included in this condominium. All other facilities will be provided, whether Phases Two through Four are developed or not.

9. PARKING. Parking for automobiles will be available as shown on the survey and drawings attached hereto as Schedule "B".

10. ASSOCIATION. The entity responsible for the operation of the condominium shall be LAKE DAMON SOUTH CONDOMINIUM ASSOCIATION, INC., a Florida non-profit corporation, herein called the "Association". Each units ownership shall have one vote in the management of the Association. If a unit is owned by more than one person, the owners thereof shall designate one of them as the voting member. If the unit is owned by a corporation, an officer or employee thereof shall be designated by the corporation as the voting member. The total number of votes shall be equal to the number of units in the condominium. Until and unless Phases Two through Four are developed, the members shall consist of only those owners of units in Phase One. If one individual or corporation owns more than one unit, he shall have as many votes as he owns units. A copy of the Articles of Incorporation and the By-Laws of the Association are attached hereto as Schedules "C" and "D", respectively.

11. MAINTENANCE. The responsibility for maintenance of the condominium is as follows:

(a) The Association shall maintain, repair and replace at its' expense:

(i) all parts of any unit, (except interior surfaces,) which contribute to the support of the building, all exterior walls, all railings, balconies, windows, screens, sliding doors, and fixtures on the buildings' exterior, all boundary walls of units, all floors and ceilings, all roofs, all loan bearing columns and load bearing walls;

(ii) all facilities for the furnishing of utility services, including conduits, ducts, plumbing and wiring; and,

(iii) all Common Elements.

(b) The Unit Owner shall maintain, repair and replace at his expense:

(i) all portions of the unit except that portion to be maintained and repaired by the Association. In addition, the Unit Owner shall repair and replace all damage caused by the Unit Owner, his guests, licensees, invitees or any occupant of the unit or guest licensee, or invitee thereof. The Unit Owner shall be responsible for cleaning all windows and sliding glass doors which serve his unit.

(c) No Unit Owner shall make any alterations to any portion of a unit to be maintained by the Association or remove any portion which would jeopardize the safety or soundness of the building or impair any easement without obtaining written approval of the Association. Unit Owners will not paint or otherwise decorate or change the appearance of any portion of the exterior of the building and no terrace, patio or balcony shall be enclosed without written approval from the Association. The Association shall determine the exterior color scheme of all buildings and shall be responsible for the maintenance thereof.

(d) There shall be no alteration or additions to the Common Element with a cost in excess of 10% of the annual budget of the condominium or common expenses except as authorized by the board of directors and with the approval of at least 75% of the Unit Owners. Any such alterations or additions shall be assessed as common expenses.

12. ACCESS TO UNITS. The Association, its' agents or employees, shall have the right to access to each unit during reasonable hours when necessary for the maintenance, repair or replacement of any common element or for making emergency repairs necessary to prevent damage to the common elements or to another unit or units.

13. MAINTENANCE OF UNIT. All unit owners are required to maintain their unit in a clean, sanitary and healthful condition. Should the unit owner fail to so maintain the unit, make any alterations without written consent of the Association or otherwise violate or threaten to violate the provisions of this declaration of condominium, the Association, or its' agent, may effect the necessary maintenance requirement or remove any unauthorized addition or alteration and restore the property to good condition and repair and levy an assessment against the unit owner for the expenses incurred in so doing or obtain an injunction to require compliance with the terms of this declaration.

14. ASSESSMENTS AND LIENS. The Association shall fix and collect assessments and shall have a lien therefor upon the unit, all as provided in the Condominium Act, the By-Laws of the Association and this declaration.

15. COMMON EXPENSES. Common expenses shall include, but not be limited to, the costs and expenses of operation, maintenance, and management, the real estate taxes, improvement district assessment, insurance premiums, legal and accounting fees, management fees, utility fees, attorney's fees and all other costs and expenses of operating the Association and the condominium. Any purchaser of a unit under foreclosure sale by a constitutional mortgagee, or an institutional mortgagee if it accepts a deed in lieu of foreclosure, shall not be liable for that unit's share of common expenses or assessments which became due prior to the purchaser's acquisition of title. Such unpaid common expenses shall be deemed to be common expenses, collectable from all of the Unit Owners, including the new purchaser.

16. LIABILITY OF OTHER PURCHASERS. Any person acquiring an interest in a unit, except through foreclosure as set forth above, shall not be entitled to occupancy of the unit or use of the common element until all unpaid assessments have been paid.

17. INSURANCE. All insurance on the condominium shall be purchased by the Association. The named insured shall be the Association; as agent for the unit owners and for their mortgagees. Provisions shall be made for the issuance of mortgagee endorsements. Unit owners may obtain coverage upon their personal property and for their personal liability and living expenses at their own expense. Insurance to be kept in force by the Association shall include public liability and property damage insurance covering the Common Elements and insuring the Association and the Unit Owners as their interest may appear, and shall be in such amounts as the Association shall deem appropriate but not less than \$100,000 per person, \$300,000 per incident and \$50,000

property damage. The Association shall also maintain fire and extended coverage insurance insuring all of the insurable improvements within the condominium, including personal property owned by the Association, for the Association, all Unit Owners and their mortgagees, as their interest may appear, in the maximum insurable value. The Association shall also maintain, if necessary, such workmen's compensation and other insurance as the law may require or the Association may deem desirable. The premiums for all such insurance shall be a common expense. Proceeds of insurance policies shall be used to reconstruct or repair all damage. Any proceeds remaining shall be distributed to the beneficial owners. If the net proceeds of the insurance are insufficient to pay for restoration and repair, the Association shall promptly levy a special assessment against all unit owners for the deficiency attributable to the cost of restoration of the Common Element and against the individual unit owner for the deficiency attributable to his individual unit. Any repair and restoration must be substantially in accordance with the plans and specifications for the original building or such plans as may be approved by the Association. If any material or substantial change is contemplated, written approval of all institutional mortgagees must be obtained. The Association may compromise any claim arising under the insurance.

18. USE RESTRICTIONS. The condominium property shall be used only as follows:

(a) Unit. Each unit shall be occupied only by the Owner, his family, servants and guests as a single family residence. This provision shall not prohibit the Owner from leasing the Unit nor, if the Unit is owned by a corporation, prohibit it from being used by officers and employees of the corporation so long as such Lessees, officers and employees comply with the rules and regulations of the Association.

(b) Common Element. The Common Element shall be used only by the owners, their guests and lessees, and officers and employees of corporate owners for the purposes for which they were intended in furnishing services and facilities for the enjoyment of the Units and in accordance with the rules and regulations established from time to time by the Association for the proper use thereof.

(c) Pets. No animals or pets of any kind shall be kept in any unit or on the common element except in accordance with rules and regulations of the Association. No pet shall be allowed to create or cause any disturbance or nuisance of any kind. The owner of any pet shall be liable for any damages caused by said pet.

(d) Nuisances. No nuisance shall be maintained upon the condominium property. The condominium shall be kept in a clean and sanitary condition and no rubbish, refuse or garbage shall be allowed to accumulate nor any fire hazard allowed to exist.

(e) Employees and servants. No employee or servant of a Unit Owner shall be allowed to use any of the common elements for his or her personal use.

(f) Signs and aerials. No Unit Owner shall post any sign, advertisement or notice of any type on the Common Elements of his unit or erect any exterior antennae or aerial except upon written agreement of the Association.

(g) Regulations. Reasonable regulations concerning the use of the condominium property may be made and amended from time to time by the Association.

19. MAINTENANCE OF COMMUNITY INTEREST. In order to maintain a community of congenial residents who are financially responsible, and thus protect the value of the units, transfer of units by owners, other than the Developer, shall be subject to the following provisions:

(a) Sale. No Unit Owner may dispose of the unit or any interest in a unit, by sale or lease the unit without approval of the Association, except to another unit owner or the Association, which approval shall not be unreasonably withheld.

(b) Gift, devise or inheritance. Any Unit Owner acquiring title by gift, devise or inheritance shall do so subject to the approval of the Association, which approval shall not be unreasonably withheld.

(c) The Association may require such information regarding prospective purchasers, lessees and other transferees as it may deem necessary in order to make a reasonable decision regarding approval or disapproval. Approval or disapproval will be given by the Association within five (5) days after receipt of all requested information, otherwise the disposition shall be deemed approved.

(d) Disapproval by Association. If the Association disapproves a transfer the matter will be disposed of as follows:

(i) Sale. The Association shall agree to purchase the unit at the price stated in the disapproved contract to sell, if said contract was a bona fide offer, and upon the terms set forth therein.

If the Association does not agree to purchase the unit within fifteen (15) days after said disapproval, then notwithstanding the disapproval, the proposed transaction shall deemed to have been approved.

(ii) Lease. Within fifteen (15) days after disapproval the Association shall provide a party selected and approved by the Association to lease the unit on the same terms and conditions as proposed by the Unit Owner, if it is a bona fide offer to lease. If the Association fails to provide a substitute lessee, the Association shall be deemed to have approved the prior lease.

(iii) Gifts, devise or inheritance. Within thirty (30) days of disapproval, the Association shall furnish the Unit Owner a contract to purchase the property by a purchaser approved by the Association, or the Association itself at a sales price at fair market value as determined by agreement between seller and purchaser or determined by arbitration in accordance with the then existing rules of the American Arbitration Association with the arbitrators being two appraisers appointed by the American Arbitration Association. The cost of arbitration shall be borne equally by the parties. The purchase price shall be payable in cash and closed within 30 days after determination of the sales price. If the Association fails to provide a purchaser as required the Unit Owner shall be deemed to have been approved.

(d) No Unit Owner may mortgage his unit or any interest in it without the approval of the Association, except to an institutional mortgagee or a vendor to secure a portion or all of the purchase price.

20. EXCEPTION TO MAINTENANCE OF COMMUNITY INTEREST. The foregoing provisions shall not apply to Developer so long as it shall own any units nor to an institutional mortgagee that acquires its' title as a result of foreclosing a mortgage or under a deed in lieu of foreclosure.

21. VIOLATIONS. In the event of a violation of any term or condition of this declaration of condominium or the exhibits hereto, as such may be amended, other than non-payment of an assessment, the Association shall give 30 days written notice of such violation to the Unit Owner. Should the violation not be corrected within said 30 day period, the Association may either bring an action at law to recover its' damages on behalf of the Association and other Unit Owners or an action in equity to enforce performance on the part of the Unit Owner, or both. The Association shall be entitled to recover a reasonable attorney's fee in enforcing such obligations. The Association's failure to bring an action to enforce the terms of this declaration and its' exhibits within 30 days from the date of a written request by a Unit Owner to do so shall authorize the Unit Owner to bring an action to remedy the violation. Any violation which the Association considers to be a hazard to public health, may be corrected immediately and the cost thereof charged to the Unit Owner and shall be a lien against said unit in the same manner as an assessment for common expense.

22. NEGLIGENCE. A Unit Owner shall be liable for the cost of any maintenance, repair or replacement required by his negligence or the negligence of any member of his family, their guests, employees, agents or lessees in excess of the proceeds of insurance. Said Unit Owner shall be responsible for any increase in insurance premiums incurred by the use, misuse, occupancy or abandonment of the unit or of the common elements by said Unit owner, his guests, licensees, invitees, or Lessees.

23. MANAGEMENT AGREEMENT. The Association and the Developer have entered into a Management Agreement with a copy of which is attached hereto as Schedule "E". This Management Agreement is binding upon the Association, the Developer and subsequent Unit Owners as provided in the Condominium Act.

24. RECREATIONAL LEASE. The Association and the Developer have entered into a non-exclusive lease of certain recreational facilities from Lake Damon Properties, Inc., a copy of which lease is attached hereto as Schedule "F". This recreational lease is binding upon the Association, the Developer, subsequent unit owners and Lake Damon Properties, Inc., as provided in the Condominium Act.

25. AMENDMENTS. This Declaration of Condominium may be amended as provided in the Condominium Act.

26. TERMINATION. This Declaration of Condominium may be terminated as provided for in the Condominium Act.

DATED this 7th day of September, 1982.

Melena Smith
Diane Litter
Two witnesses

DONALD R. JOHNSON INC.
By Donald R. Johnson
as its President
(affix Corporate seal)



STATE OF FLORIDA
COUNTY OF HIGHLANDS

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared DONALD R. JOHNSON as President of DONALD R. JOHNSON, INC., a Florida corporation, who, being by me first duly sworn says that he has read the foregoing Declaration of Condominium and acknowledged before me that he executed the same as said officer of said Developer.

WITNESS my hand and official seal in the state and county named above.

DATED this 7th day of September, 1982.

Melena Smith
Notary Public, State of Florida
at Large

My commission expires: (affix notarial seal) NOTARY PUBLIC STATE OF FLORIDA
BONDED THRU GENERAL INS. UND.
MY COMMISSION EXPIRES SEPT. 30, 1985

