

4.9 Pets. Up to two "household pets" may be kept at a Lot. All other pets and animals are strictly forbidden to be kept, bred, or maintained within Grand Cedars Reserve. A "household pet" is a dog, cat, or other common domestic animal approved by the Architectural Review Committee. In no event may any pet, including household pets, be kept, bred, or maintained for any commercial purpose. Each Owner will be strictly responsible for the behavior of his or her household pets. An Owner may not permit the household pet to become a nuisance or annoyance to other Owners. Each Owner will be responsible to immediately collect and dispose of waste and litter from the Owner's pets. Pets will not be allowed on the Common Property except in designated areas and then only in compliance with the Rules.

4.10 Leasing. Leasing of Lots for terms of less than seven months is prohibited. Owners will be liable for any violations of this Declaration committed by their tenants.

## ARTICLE V

### COMMON PROPERTY

The Association will own and maintain the Common Property for the benefit of all Members and, when necessary, improve, convey, or lease the property.

#### 5.1 Title to Common Property.

(a) Ownership. The Common Property will be owned by the Association for the benefit of all owners.

(b) Conveyance. The Association is authorized to buy or lease real or personal property to be added to the Common Property. After termination of the Class B Membership, the Association may (with the consent of Declarant) sell or lease any part of the Common Property; however, membership approval is not needed for the Board to sell personal property or to grant easements on real property.

(c) Dedication. If the county or municipal government requests that the Association convey title to or dedicate the Common Property or any portion thereof to the public, the Association will be authorized to make such conveyance or dedication, but only with the approval of the Members. Upon such dedication, all obligations of the Association regarding the property so dedicated will cease except for requirements imposed as a condition of the dedication.

#### 5.2 Maintenance; Management; Contracts.

(a) Association Responsibility. The Association will be responsible for the management, control, and improvement of the Common Property and must keep the same attractive, clean, and in good repair in accordance with the Declaration and applicable governmental regulations.

(b) Management Agreements. The Association may contract with Declarant or any other party for the performance of all or any portion of the management of the Association and the Association's maintenance and repair obligations. Management cost will be included within the Assessment. The property manager for the Association, its employees, officers, contractors, and assigns will have the right to use the Common Property without liability for Assessments or other charges, as more particularly specified in the management agreement.

5.3 Capital Improvements. The Association may make capital improvements to the Common Property and may modify the use of the Common Property.

5.4 Damage or Destruction of Common Property by Owner. If any Owner or any guest, tenant, licensee, agent, employee, family member, or pet of an Owner damages any of the Common Property as a result of negligence or misuse, the Owner hereby authorizes the Association to repair the damage. The cost of repair will be the responsibility of the Owner and will become an Individual Lot Assessment payable by the responsible Owner.

5.5 Compliance with Laws. Lots and the Common Property may be used and must be maintained in accordance with all applicable law, ordinances, and regulations, including, without limitations, all regulations and requirements of the Northwest Florida Water Management District and the Florida Department of Environmental Protection.

5.6 Rules for Use of Common Property. Members will have the right to use the Common Property only in accordance with the terms of the Rules initially made by Declarant and revised from time to time by the Association. The Rules may restrict the time of use, provide for the reservation of certain recreation facilities, provide limitations on use of the Common Property by a Member's guests and lessees, and provide such fee or charge is uniformly assessed. No member will be entitled to any rebate or reduction in such Member's Assessments on account of any such restrictions imposed on the Member's use of the Common Property. The Rules will be kept at the offices of the Association and copies will be made available without charge to any Member requesting the same.

## ARTICLE VI

### GRANT AND RESERVATION OF EASEMENTS

Each Owner has the benefit of certain easements and the responsibility for others.

6.1 Owners' Easement of Enjoyment of the Common Property. Every Owner will have a right and easement of enjoyment in and to the Common Property, subject to the restrictions imposed in this Declaration or in the Rules. This easement will be appurtenant to and shall pass with title to every Lot. Any Owner, subject to the provisions of this Declaration, the Articles, the Bylaws, and the Rules, may delegate the Owner's right to enjoyment of the Common Property to the Owner's family, tenants, and guests.

6.2 Easements in Favor of Declarant and Association. Declarant reserves for itself, its successors and assigns, and for the Association the following perpetual easements:

(a) Utilities. Easements for ingress, egress, installation, replacement, repair, and maintenance of all public and private utilities and conveniences, upon all property subject to Public Utility Easements as shown on the Plat; across, over, through, and under the Common Property.

(b) Police Powers; Security. A blanket easement throughout Grand Cedars Reserve for police powers and services supplied by the local, state, and federal governments and for any security services that may be provided by the Association.

## ARTICLE VII

### ASSOCIATION ORGANIZATION

Although Declarant will control the Association during the development stage, the Owners eventually will be responsible for the continuation of the Association.

7.1 Membership. Every Owner is a mandatory Member of the Association. Membership is appurtenant to and may not be separated from title to any Lot.

7.2 Voting Rights. The Association will have two classes of voting membership.

(a) Class A. Class A Members are all Owners of Lots other than Declarant, while Declarant is a Class B Member. Class A Members will be entitled to one vote for each Lot owned.

(b) Class B. Class B Member is Declarant, who shall be entitled to 10 votes in all matters for each Lot owned by the Class B Member or its affiliates. Declarant may assign its Class B Membership. The Class B Membership will end and be converted to Class A Membership three months after the first to occur of the following events.

(i) The total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership;

(ii) All phases of Grand Cedars Reserve have been completed and made subject to this Declaration, and 90% of the Lots within Grand Cedars Reserve have been conveyed to Members other than the Class B Members; or

(iii) Declarant chooses to become a Class A Member, as evidenced by instrument to such effect, executed by Declarant and Declarant's mortgagees holding a mortgage encumbering Grand Cedars Reserve or portion thereof, which is recorded in the public records.

7.3 Exercise of Vote. When more than one person holds an interest in any Lot, all such persons shall be Members; however, the number of votes for that Lot will not be increased, and the Members must determine among themselves how the Lot's vote may be exercised. Corporations, partnerships, and other entities must notify the Association of the natural person who will be considered a Member of the Association and be entitled to exercise its vote.

#### 7.4 Board of Directors.

(a) Composition. The Board initially will consist of at least three persons appointed by Declarant. Upon termination of the Class B Membership, the Board will consist of at least three directors, selected in accordance with the Articles and Bylaws, but in any event, the number of directors must always be three or a multiple of three.

(b) Classes. Each director will be appointed or elected to one of three classes: Class 1, Class 2 or Class 3. Directors will be elected by class to provide for staggered terms. If the number of directors is increased, it shall be in multiples of three and each new position must be assigned to a class so that each class will have an equal number of directors.

(c) Term of Office. The initial term for the Class 1 director will be for one year. The initial term for the Class 2 director will be for two years. The initial term for the Class 3 director will be for three years. Subsequent terms for directors of any class will be for three years; however, directors will always serve until resignation, removal, or the election of their successors.

(d) Qualifications. After termination of the Class B Membership, each director must be a Member. If a director ceases to be a Member during the term of office, each person will be automatically removed from the Board, effective upon such occurrence.

(e) Voting Procedure. At each annual meeting, the Members will elect the directors to replace the directors of the class whose term of office is then expiring. Each Class A Member will have one vote for each seat to be filled and the Class B Member will have 10 votes for each Lot owned by the Class B Member or its affiliates. No cumulative voting will be permitted. The candidate(s) receiving the highest number of votes will be declared elected. If there is a tie vote, the Class B Member will be given one additional vote and the opportunity to cast such vote to break the tie. The meeting will, in other respects, be conducted in accordance with the Articles and Bylaws.

(f) Removal. Any director may be removed from office, with or without cause, by at least a majority vote of the Members.

(g) Vacancies; Replacement of Directors. Any vacancy occurring in positions as director may be filled by a majority vote of the remaining Board members. If the remaining Board members do not constitute a quorum, a special meeting of the Association may be called by any officer or by any Member to elect new members to the Board.

(h) Compensation. Directors will not receive compensation for their services unless approved by the Members. This will not prevent a Class B Member or an affiliate of a Class B Member from being compensated for management or other services.

7.5 Relationship to Articles and Bylaws. The Articles and Bylaws will govern all matters of the Association not set forth in this Declaration. The terms of this Declaration will prevail over any conflicting provisions in the Articles and Bylaws.

## ARTICLE VIII

### OPERATION OF ASSOCIATION AND BOARD

Most day-to-day decisions about the maintenance of the Common Property and enforcement of the Declaration are the responsibility of the Board, acting on the Members' behalf. For those decisions requiring Members' approval, the Community Meeting provides a public opportunity for discussion.

#### 8.1 Annual Meeting.

(a) When called. The Annual Meeting will be called every year on the third Thursday of October at 6:30 p.m. for the election to the Board of the class of directors whose term then expires and for other business requiring approval of the Members. The meeting date shall be as determined by the Articles and Bylaws.

(b) Quorum. Voting at an annual meeting requires the presence of (i) Members (in person or by proxy) representing 30% of votes, and (ii) Declarant or its representative so long as Declarant owns at least one Lot.

(c) Notice. Notice of the annual meeting may be given by (i) mailing a notice to each Member at the last address furnished to the Association (ii) delivering notices to the Member's dwellings or Lots, or (iii) posting conspicuous notices for the meeting in the Common Property. Notice should be given at least 30 days before the annual meeting.

#### 8.2 Board Meetings.

(a) Board's Responsibility. Except as specifically provided in this Article or elsewhere in this Declaration, the Board has been delegated the power, and has the authority to act on behalf of the Association in all matters.

(b) Quorum. Voting at a Board meeting requires presence of at least ½ of the directors (in person or by proxy). Except as prohibited by law, action required to be taken by vote

of the Board may be taken in the absence of a meeting by obtaining the written approval of a majority of the Board.

(c) Notices. Notices of all meetings of the Board shall be posted in a conspicuous place in the Common Property 48 hours in advance, absent emergency. If the Board desires to levy an assessment at a meeting, the notice must include a statement describing the assessment being considered. All meetings must be open to the Members, except for meetings permitted by law to be closed.

8.3 Record Keeping. The Board shall keep, or cause to be kept, a record of all meetings, both of the Board and of the Association. For each action taken, the record must state the vote and a description of the action approved, and, if applicable, the reasons why the action was considered necessary and a summary of the information on which the decision was based. The record must be available for inspection by any Member, except for records of closed meetings of the Board. Officers may be elected by the Board by secret ballot.

## ARTICLE IX

### ASSOCIATION BUDGET

To fulfill its obligation to maintain the Common Property, the Board is responsible for the fiscal management of the Association.

9.1 Fiscal Year. The fiscal year of the Association will begin January 1 of each year and end on December 31 of that year. The Board may elect another fiscal year. The Board must prepare an annual Budget.

9.2 Budget. A copy of the budget must be provided to each Member or a notice must be given to the Members that a copy of the budget is available upon request and without charge. The annual budget will estimate total expenses to be incurred by the Association in carrying out responsibilities. The budget must include:

(a) The cost of wages, materials, insurance premiums, services, supplies, and other expenses for the rendering of all services required or permitted under this Declaration;

(b) Reasonable amounts, as determined by the Board, for working capital for the Association and for reserves;

(c) Fees for professional management of the Association (which may include Declarant), legal counsel, and accounting;

(d) Taxes, if the Common Property is taxed separately from the Lots; and

- (e) An estimate of revenues from the General Assessment.

9.3 Reserves. The Association shall accumulate and maintain adequate reserves for working capital, contingencies, and replacements, to be included in the annual budget and collected as part of the annual General Assessment. This shall not occur until the termination of Declarant's guarantee described in Paragraph 10.2 of this document. Extraordinary expenses not originally included in the annual budget will 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. If there is an excess of reserves at the end of a fiscal year, such excess may be used to reduce the following year's assessments.

#### 9.4 Preparation and Approval of Annual Budget.

- (a) Initial Budget. Declarant will prepare the first annual budget.

(b) Subsequent Years. Budgets other than the initial budget will be prepared at the direction of the Board at least one month before the end of the fiscal year. The budget and the annual General Assessment must be adopted by a majority of the Board.

9.5 Effect of Failure to Prepare or Adopt Budget. The Board's failure or delay in preparing or adopting the annual budget for any fiscal year will not waive or release a Member's obligation to pay General Assessments, whenever the amount of such assessments is finally determined. In the absence of an annual Association budget, each Member shall continue to pay the assessment at the rate established for the previous fiscal period until notified otherwise.

9.6 Financial Reporting. The Board shall prepare an annual financial report for the Association within 60 days of the close of the fiscal year and either provide each Member with a copy of the report or a notice that a copy is available without charge. The report must be in form required by 617.303(7) Florida Statutes.

9.7 Capital Improvements. The Board shall determine whether capital improvements should be paid from General Assessments or by Special Assessment. If the cost of all capital improvements to be paid within a single year totals more than 25% of the Association's annual budget, the capital improvements must be approved by majority vote of the Members. Any repair or replacement of existing improvements will not be considered a capital improvement.

9.8 Reserves shall be kept separate from other Association funds. All other sums collected by the Board with respect to Assessments and charges of all types may be commingled in a single fund.

9.9 Amendment of Budget. The Board may amend the budget during any fiscal year and increase the amount of the annual General Assessment for such year if it appears that there will be insufficient income to meet the obligations of the Association.

## ARTICLE X

### COVENANTS TO PAY ASSESSMENTS

The cost of fulfilling the Association's financial obligations is divided equitably among the Members by means of Assessments. To ensure that the Association has a reliable source of funds and to protect those Members who contribute their equitable share, assessments are mandatory and are secured both by a lien on the Lots and the Member's personal obligation.

10.1 Obligations for Assessments. Declarant covenants for each Lot, and, by acceptance of a deed or other transfer instrument, whether or not expressed in such deed or instrument, each Owner of any Lot is deemed to covenant and agree to pay to the Association the following (to be known collectively as "Assessments"):

- (a) General Assessment for expenses included in the budget,
- (b) Special Assessments for the purposes provided in this Declaration, and
- (c) Individual Lot Assessments for any charges particular to that Lot.

10.2 Guarantee of Class B Member. The Class B Member agrees that it will be obligated to pay any operating expenses of the Association in excess of the revenue derived from the Assessments, including any increases made during a fiscal year, until the end of the first fiscal year of the Association. This obligation is called the "Budget Guarantee". The Class B Member may elect to renew the Budget Guarantee whereby the Class B Member and its affiliates will not be liable for any Assessments on any Lots it owns. A Lot exempt from assessments pursuant to this paragraph is referred to as an "Exempt Lot."

10.3 Equitable Division of Assessments. The General Assessment and Special Assessments shall be assessed among all Lots equally, except that Exempt Lots will not be subject to assessment.

#### 10.4 General Assessment

(a) Establishment by Board. The Board will set the date or dates the General Assessment will be due, and it may provide for payment in monthly, quarterly, semiannual, or annual installments.

(b) Proration Upon Sale of Exempt Lot or Loss of Exemption. Upon conveyance of an Exempt Lot, or upon an Exempt Lot becoming subject to Assessments on account of the Class B Member not extending the Budget Guarantee, the annual General Assessment will become due for such Lot(s); provided however, that the General Assessment will be prorated on a monthly or daily basis, whichever that Board elects, and only the portion of the General Assessment attributable to the remainder of the fiscal year will be due. The portion of the General Assessment attributable to the



portion of the fiscal year in which the affected Lot was an Exempt Lot will not be assessed. If payment of the General Assessment is by installment, only the applicable portion of the current installment will be due.

(c) Late Fee and Interest. The Board may impose a late fee of ten percent (10%) of the assessment. Additionally, interest will accrue at the highest lawful rate on delinquent payments.

10.5 Special Assessment. In addition to the General Assessment, the Board may levy, in any fiscal year, a Special Assessment applicable as follows:

(a) Capital Improvements. Any capital improvement that has been approved in accordance with this Declaration.

(b) Emergency Assessment. The Board may impose a Special Assessment for any unusual or emergency maintenance or repair or other expense that this Declaration requires the Association to pay (including, after depletion of reserves, any unexpected expenditures not provided by the budget, or unanticipated increases in the amounts budgeted).

(c) Exemption. Exempt Lots will not be subject to Special Assessments, nor will an Exempt Lot be subject to payment of any Special Assessment or any portion thereof declared or assessed while such Lot was an Exempt Lot even if payments for such Special Assessments are made in installments becoming due subsequent to the time such Lot no longer is considered an Exempt Lot. For example, if a Special Assessment is declared on January 1 while Lot 37 is an Exempt Lot, but the payment of the Special Assessment is not required until March of the same year, then even if Lot 37 is not an Exempt Lot as of February of such year, Lot 37 still will be considered exempt from such Special Assessment.

10.6 Individual Lot Assessments. The Association may levy at any time an Individual Lot Assessment against a particular Lot for the purpose of defraying, in whole or in part, the cost of any special services to that Lot or any other charges designated in this Declaration as an Individual Lot Assessment. An Individual Lot Assessment may be levied on account of any legal expenses (at trial or on appeal) and costs incurred by the Association in enforcing this Declaration or in enforcing any other declaration the Association is authorized to enforce.

10.7 Effect of Nonpayment of Assessment; Remedies.

(a) Personal Obligation. All Assessments, together with any late fees, interest, and costs of collection when delinquent, including reasonable attorneys' fees (at trial or on appeal) whether or not a lawsuit is brought (collectively, the "Assessment Charge") shall be the personal obligation of the person or entity who was the Owner of the Lot at the time the Assessment Charge was levied, and of each subsequent Owner. No Owner may waive or otherwise escape liability for the Assessment Charge by abandonment of the Lot.

(b) Creation of Lien. The Assessment Charge also shall be a continuing lien on the Lot against which the Assessment Charge is made, which lien is effective upon recording a claim of lien, but relating back to and having a priority as of the date of this Declaration. This lien in favor of the Association will secure the Assessment Charge that is then due and that may accrue subsequent to the recording of the claim of lien and before entry of final judgment of foreclosure. The lien in favor of the Assessment Charge is subject to the subordination provisions of Paragraph 10.8(d).

(c) Lawsuit for Payment; Foreclosure of Lien. The Association may bring an action at law against the Owner personally obligated to pay the Assessment Charge, or may foreclose the lien in a manner similar to foreclosure of a mortgage lien, or both. The Association, acting on behalf of the Owners, shall have the power to bid for an interest in any Lot foreclosed at such foreclosure sale to acquire, hold, lease, mortgage, and convey the Lot.

(d) Subordination of the Lien to Mortgages. The lien of the Assessment Charge will be inferior to the first mortgage lien of any Mortgagee. Sale or transfer of any Lot pursuant to foreclosure of such a mortgage, including a deed in lieu of foreclosure, shall extinguish the lien as to payments that became due before the sale or transfer.

(e) Other Remedies. The Association may assess fines and suspend the voting rights and right to use of the Common Property by an Owner for any period during which any Assessment against the Owner's Lot remains unpaid, but only as permitted by law.

10.8 Certificate of Payment. The treasurer of the Association or the manager of the Association, upon request of any Owner, shall furnish a certificate signed by a member of the Board or by the manager, if authorized by the Board, stating whether any Assessments are owed by that Owner. The Board may establish a reasonable fee for such certificate. Such certificate will be conclusive evidence of payment of an Assessment through the date of the certificate.

## ARTICLE XI

### INSURANCE AND INDEMNITY

Insurance is essential to protect the interests of the various Owners and to ensure that funds will be available for rebuilding after a casualty; however, because insurance costs may increase significantly or new types of coverage may be available, this Article gives some flexibility to the Board to select insurance coverage that is reasonable for the conditions that exist at that time.

11.1 Review of Coverage. The Board shall review limits of coverage for each type of insurance at least once each year.

11.2 Casualty Insurance. The Board shall be required to obtain and maintain fire insurance as appropriate. Endorsements for extended coverage, vandalism, malicious mischief, and windstorm

should be obtained if available at reasonable cost. Coverage shall be in an amount not less than necessary to comply with the co-insurance percentage stipulated in the policy, but in any event not less than 80% of the insurable value (based upon replacement) of the improvements constructed on the Common Property.

11.3 Public Liability. The Board shall obtain public liability insurance, in such limits as the Board may from time to time determine, insuring against any liability arising out of, or incident to, the ownership and use of the Common Property. Whenever practicable, such insurance should be issued on a comprehensive liability basis and should contain a "severability of interest" endorsement that shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association, the Board, or other Owners. Such insurance must always name Declarant and Donald Brantley as additional insureds until 50 years after the date of this Declaration.

11.4 Director Liability Insurance. The Board may obtain liability insurance insuring against personal loss for actions taken by members of the Board in the performance of their duties. Such insurance shall be of the type and amount determined by the Board in its discretion.

11.5 Other Insurance. The Board 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 may deem prudent.

11.6 Repair and Reconstruction after Fire or Other Casualty. If fire or other casualty damages or destroys any of the Common Property, the Board shall arrange for and supervise the prompt repair and restoration of the improvements. The Board shall obtain funds for such reconstruction first from the insurance proceeds, then from reserves for the repair and replacement of such improvements, and then from any Special Assessments that may be necessary after exhausting insurance and reserves.

11.7 Indemnity of Declarant. In consideration of Declarant conveying the Common Property to the Association, the Association releases, indemnifies, and holds Declarant, its officers, employees and agents harmless from any and all liability arising out of the Common Property or construction of the Recreation Facilities and shall defend Declarant against all claims of any third party. Such indemnity includes any attorneys' fees and costs incurred by Declarant at trial and on appeal.

## ARTICLE XII

### GENERAL PROVISIONS

This article sets forth rules of interpreting the Declaration, provides for enforcement, and sets forth the procedure to amend the Declaration.

12.1 Incorporation of the Land Use Documents. Any and all deeds conveying a Lot shall be conclusively presumed to have incorporated therein all of the terms and conditions of this Declaration.

12.2 Release From Minor Violations. Declarant and the Architectural Review Committee or either of them shall have the right, by written instrument, at any time to release a Lot from minor violations of this Declaration or the Plat including, without limitation (i) encroachments into easements, (ii) encroachments over building restriction lines, and (iii) construction of less than the required minimum square footage for the dwelling provided that the square footage is at least 90% of the required minimum.

12.3 Enforcement. The covenants and restrictions contained in this Declaration may be enforced by Declarant, any Owner, and any Mortgagee in any judicial proceeding seeking any remedy recognizable at law or in equity, including an action or lawsuit seeking damages, injunction, specific performance, or any other form of relief, against any person, firm or entity violating or attempting to violate any covenant or restriction contained herein. The failure by any party to enforce any covenant or restriction contained herein shall in no event be deemed a waiver of such covenant or restriction or of the right of such party to thereafter enforce such covenant or restriction. The prevailing party in any such litigation shall be entitled to reasonable attorneys' fees and court costs at all trial and appellate levels. The Northwest Florida Water Management District will have the right to enforce, by proceedings at law or in equity, the provisions contained in this Declaration that relate to the maintenance, operation, and repair of the Drainage System. All parties agree that any dispute shall be determined by a judge and not a jury, and waive their right to a jury trial in any litigation arising out of this Declaration.

12.4 Assignment. Declarant shall have the right, from time to time, to assign any of its rights or obligations pursuant hereto in part or in whole.

12.5 Notices. Notices shall be given as to Owners by posting at the Owner's dwelling or vacant Lot, or mailing first class postage prepaid to the Owner's address maintained by the Association, or by posting a notice applicable to all Owners at the Common Property, and as to Declarant, by sending certified mail to the corporate address of Declarant filed with the Florida Secretary of State.

12.6 Amendment.

(a) Subject to the provisions of Paragraph 12.7, Declarant specifically reserves the absolute and unconditional right, as long as Declarant owns any of the Lots, to amend this Declaration without the consent or joinder of any party to (i) conform to the requirements of the Northwest Florida Water Management District, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Veterans Administration, Department of Housing and Urban Development, or any other generally recognized institution involved in the purchase and sale of home

loan mortgages; (ii) conform to the requirements of mortgage lenders or title insurance companies; or (iii) perfect, clarify, or make internally consistent the provisions herein.

(b) Subject to the provisions of Paragraph 12.7, Declarant reserves the right to amend this Declaration in any other manner without the joinder of any party, as long as no Owner's right to the use and enjoyment of the Owner's Lot is materially altered.

(c) Subject to the provisions of Paragraph 12.7, this Declaration may be amended by consent of Owners of 50% or more of the Lots as evidenced by recording an instrument executed by said Owners in the Public Records, provided that no such amendment will be effective without the consent of Declarant, or its assigns, until Declarant and its affiliates own no Lots within Grand Cedars Reserve.

(d) Declarant, without the consent of any party, may bring within the scheme of this Declaration additional land by Supplementary Declaration in accordance with the procedures set forth in Paragraph 2.2.

(e) Any amendment to the Declaration that would alter the Drainage System must have the prior approval of the Northwest Florida Water Management District.

12.7 Mortgagee's Consent to Amendments. This Declaration contains provisions concerning various rights, priorities, remedies, and interests of the Mortgagees. Such provisions are to be construed as covenants for the protection of the Mortgagees on which they may rely in making loans secured by mortgages on the Lots. Accordingly, no amendment or modification of this Declaration impairing such rights, priorities, remedies, or interests of a Mortgagee shall be adopted without the prior written consent of Mortgagees holding liens on 30% or more of the Lots encumbered by mortgages to Mortgagees. Each Mortgagee agrees that it will either consent to a proposed amendment or give notice of refusal to consent by written notice to the party requesting such consent within 30 days after the request is received. If a Mortgagee does not respond within such time, the Mortgagee's consent will be deemed given, and an affidavit to such effect recorded in the Public Records by the party requesting the consent will be sufficient evidence to make the requested amendment; provided, that a photocopy of the documentation proving receipt of the request to the Mortgagee is attached to the affidavit. This paragraph shall not apply or be construed as a limitation on those rights of Declarant, the Association, or the Owners to make amendments that do not adversely affect the Mortgagees.

12.8 Captions and Statement of Purpose. Captions inserted throughout this Declaration are intended only as a matter of convenience and for reference only, and in no way shall such captions or headings define, limit, or in any way affect any of the terms or provisions of this Declaration. The Statement of Purpose is a summary of general information only and in no way shall such statement define, limit, or in any way affect any of the terms or provisions of this Declaration.

12.9 Gender and Plural Terms. Whenever the context so requires, any pronoun used herein maybe deemed to mean the corresponding masculine, feminine, or neuter form thereof, and the singular form of any noun or pronoun herein maybe deemed the corresponding plural form thereof and vice versa.

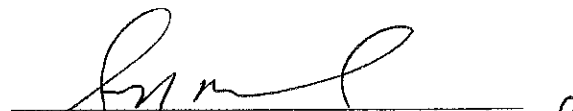
12.10 Severability; Amendments to Laws. If any one of the provisions of this Declaration shall be deemed invalid by a court of competent jurisdiction, that judicial determination shall in no way affect any of the other provisions hereof, which shall remain in full force and effect. Without limitation of the foregoing, the invalidation of any of the covenants, restrictions, terms, or conditions of this Declaration, or a reduction in the term of the same by reason of the legal rule against perpetuities, shall in no way affect any other provision, which shall remain in full force and effect for such period of time as may be permitted by law. Any amendment to applicable law that has the effect of reducing the rights of Declarant or increasing the liabilities of or duties imposed on Declarant will not be incorporated into this Declaration by reference. All other references to applicable laws and regulations will incorporate amendments to those laws and regulations.

12.11 Duration and Renewal. This Declaration (but excluding the easements herein created, which are perpetual) and the terms, provisions, conditions, covenants, restrictions, reservations, regulations, burdens, and liens contained herein, including, without limitation, the provisions for assessment of Lots, shall run with and bind all of the Lots and inure to the benefit of Declarant, the Owners, and their respective legal representatives, heirs, successors, and assigns, for a term of 90 years from the date hereof, after which time this Declaration shall be automatically renewed and extended for successive periods of 10 years each unless at least one year before the termination of the 90-year period or before each such 10-year extension, as the case may be, there is recorded in the Public Records an instrument agreeing to terminate this Declaration, which instrument is signed by a majority of all Owners and all Mortgagees, upon which event this Declaration shall be terminated upon the expiration of the 90-year term or the 10-year extension during which such instrument was recorded, as the case may be.

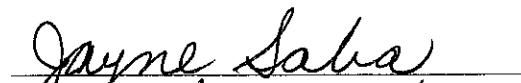
IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed the day and year first above written.

Signed, sealed and delivered  
in the presence of these witnesses:

BRANTLEY DEVELOPMENT, INC., a Florida  
corporation

  
Print name Stephen R Moorhead

By:   
DONALD S. BRANTLEY, its president

  
Print name Jayne Saba