

This is a consolidation of the original Declaration and all amendments. It is not an official copy of the Declaration. Reference should be made to the original Declaration and the amendments for the official version.

Updated through 2016 Amendments

Original Recorded October 20, 1988

ORB 5846, Page 967

DECLARATION OF COVENANTS AND RESTRICTIONS
FOR LAKE CHARLESTON

THIS DECLARATION is made this ____ day of _____, 1988, by R-L Partners, a Florida general partnership authorized to do business in Florida, which declares hereby that the land described in Exhibit "A" and "B" and as further described in Article II hereof are and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth.

RECITALS

A. R-L PARTNERS, (the "Developer"), is the Owner of that certain property located in Palm Beach County, Florida, described in Exhibit "A" hereto ("The Properties").

B. The Developer intends that a community will be created on The Properties.

C. The Developer intends that various portions of the Properties be set

aside for the collective use of all or a segment of the residents of the community to be created on The Properties.

D. In order to preserve and enhance the value of dwelling units and structures built on The Properties and to promote their owners and occupants welfare, the Developer desires to submit The Properties to this Declaration of Covenants and Restrictions.

E. In order to facilitate the objectives described herein, the Developer has formed a non-profit corporation called the LAKE CHARLESTON MAINTENANCE ASSOCIATION, INC. (the "Association"), which shall be responsible of certain duties under this Declaration of Covenants and Restrictions.

NOW, THEREFORE, Developer declares that The Properties, together with such additions thereto as are hereafter made pursuant to Article II of this Declaration, shall be held, conveyed, leased, mortgaged, used, occupied and improved subject to these Covenants and Restrictions.

ARTICLE I DEFINITIONS

The following words when used in this Declaration (unless the context shall prohibit) shall have the following meanings:

Section 1. "Common Areas" shall mean all property located within Lake Charleston, whether owned by the Association or over which the Association has rights and/or obligations, which is designed and intended for the common, non-exclusive use or benefit of the Owners together with, if applicable and to the extent provided herein, all private roadways (if any), lakes, and waterbodies, landscaping and pedestrian areas,

entry features, bus shelters, signs and erected by Developer to identify Lake Charleston, the main gate houses (if any), and any special design or landscaping features lying within public rights of way as long as the aforesaid items abut the aforesaid property even if lying outside of the boundaries of Lake Charleston (such as landscaping and median strips); and such similar items on property which may hereafter be added by supplemental declaration regardless of whether any such items are capable of being legally described or lie within dedicated areas or abut The Properties; together with the landscaping and any improvements thereon, including, without limitation, all structures, lakes and water management facilities, open space, off-street parking areas, sidewalks, street lights and entrance features, but excluding any public utility installations thereon and any other property of Developer not intended to be made Common Areas; provided, however, that certain portions of The Properties shall not be deemed Common Areas to the extent same area specifically made common areas of a Neighborhood Association. Developer shall have the right, subject to obtaining all required governmental approvals and permits, to construct on the Common Areas such facilities as Developer deems appropriate. The timing and phasing of all such construction shall be solely within the discretion of Developer.

Developer will endeavor to specifically identify (by recorded legal description, signage, physical boundaries, site plans or other means) the Common Areas of Lake Charleston, but such identification shall not be required in order for a portion of Lake Charleston to be a Common Area hereunder. Without limiting the generality of Section 11 of this Article, in the event that Developer determines that a particular portion of Lake Charleston is not a Common Area hereunder (in the manner provided in said Section 11), such determination shall be binding and conclusive.

It is specifically contemplated that the Common Areas may change from time to

time in connection with changes in development plans and other factors not now known (including, without limitation, by increase, decrease or transfer to a Neighborhood Association). Accordingly, reference in this Declaration to the Common Areas shall be deemed to refer to same as they may exist as of the relevant time.

Section 2. "Developer" shall mean and refer to R-L Partners a Florida general partnership, its successors and such of its assigns as to which the rights of Developer hereunder are specifically assigned. Further, any person who purchases all of the undeveloped parcels of The Properties from R-L PARTNERS shall be deemed to be the Developer hereunder whether or not such person is specifically assigned the rights of Developer hereunder. Developer may assign all or a portion of its rights hereunder, or all or a portion of such rights in connection with appropriate portions of the Development. In the event of such a partial assignment, the assignee shall not be deemed the Developer, but may exercise such rights of Developer specifically assigned to it. Any such assignment may be made on a non-exclusive basis.

Section 3. "Association" shall mean and refer to LAKE CHARLESTON MAINTENANCE ASSOCIATION, INC., a Florida corporation not for profit, being the entity responsible for the administration and enforcement of, and performance of certain duties under, this Declaration.

Section 4. "Landscaping and Pedestrian Areas" shall mean and refer to strips of land varying widths abutting the roads in The Properties for portions or all of their entire length, notwithstanding that any such strips of land may lie within the common areas owned by Neighborhood Association (as hereinafter defined) within Lake Charleston. Developer may establish a physical boundary between the Landscaping and Pedestrian Areas referred to above and such other common areas, but in the absence of such

physical boundary, Developer shall have the absolute right to determine the actual boundary and such determination shall be binding on the Association and all affected associations and Owners within the Development. The fact that certain of such Landscaping and Pedestrian Areas are not legally described shall not affect their character as Common Areas for purposes hereof.

Section 5. "Lot" shall mean and refer to any lot or tract, which is not a Common Area and is also not the common area of a Neighborhood Association or a common element of a Condominium, on the various plats or site plans of portions of Lake Charleston, which plat, site plan or portion thereof is designated by Developer hereby or by any other recorded instrument to be subject to these covenants and restrictions (and to the extent Developer is not the Owner thereof, then designated by Developer as joined by the Owner thereof), any such lot or tract shown upon any resubdivision of any such plat, and any other property hereafter declared as a Lot by Developer (or by Developer joined by the Owner thereof) and thereby made subject to this Declaration. In the case of a condominium or residential apartment building made subject to this Declaration, if any, the "Lots" therein shall be the individual condominium or rental units thereof and not the parcel(s) of real property on which the building is constructed. Each Lot shall be one of the following types:

- (a) A "Commercial Lot" is a Lot on which there is constructed one or more Commercial Buildings.
- (b) A "Residential Lot" is any Lot other than a Commercial Lot.

For purposes of Article III and Article VI, Section 2 of this Declaration, "Residential

Land” shall mean and refer to any portion of Lake Charleston which is zoned, or shown on an applicable plat or site plan as being intended, for residential use regardless of whether or not same is platted into Residential Lots. When and to the extent a portion(s) of Residential Land is platted and/or site plans designated into Lots and the Lots within such plat or site plan become subject to the full rate of assessment as provided in Article VI, Section 2 hereof, such Lots shall cease to be Residential Land hereunder. The specific treatment afforded Residential Land in Article III and Article VI, Section 2 shall not extend to any other provisions of this Declaration (including, without limitation, use restrictions).

Section 6. “Member” shall mean and refer to all those Owners who are Members of the Association as hereinafter provided.

Section 7. “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon The Properties.

Section 8. “Neighborhood Association.” shall mean and refer to any association now or hereafter created to administer a specific portion(s) of Lake Charleston pursuant to a declaration of condominium or declaration of covenants and restrictions or similar instrument affecting such portion(s).

Section 9. “Unit” shall mean and refer to any unit constructed on a Lot (whether separately owned or rented by the Owner of such Lot and whether such unit is located in a single family or multi-family building (rental or otherwise), retail or commercial building, or any condominium unit is any condominium building that may be erected on any parcel of land within The Properties, which land is designated by Developer by recorded instrument to be subject to this Declaration (and to the extent Developer is not the Owner thereof, then by Developer joined by the Owner thereof). Units hereunder shall be one of the following types:

(a) A "Commercial Unit" is a physically separate retail, service, office, or other non-residential space which is separately owned or rented. A building which contains one or more Commercial Units is hereinafter referred to as a "Commercial Building". For purposes of this Declaration, a "Commercial Unit" or "Commercial Building", as appropriate, shall include, without limitation, religious facilities and utility installations.

(b) A "Residential Unit" is any dwelling unit constructed on a Residential Lot. In the case of a non-condominium residential apartment building(s), each separate apartment therein shall be deemed a separate Residential Unit for purposes of assessments (although not liens for same, which shall attach to the underlying, single Lot as a whole) and occupancy restrictions hereunder, but all such apartment building(s) on a single Lot (which shall be considered a Residential Lot) shall be treated as but one Residential Unit for all other purposes of this Declaration, except as provided herein as to voting. A building which contains or constitutes more than one Residential Unit is sometimes hereinafter referred to as a "Residential Building".

Section 10. "The Properties" shall mean and refer to all that certain property currently subject to this Declaration, and all additions thereto as are hereinafter made subject to this Declaration, except such as are withdrawn from the provisions hereof in accordance with the procedures set forth in this Declaration. Property may not be withdrawn from the provisions hereof unless and until such withdrawal has been approved by Palm Beach County. Sometimes in this Declaration the words "Lake Charleston" are used synonymously with "The Properties" and when so used, the words Lake Charleston mean and refer to all that certain property currently subject to the Declaration and all additions thereto as are hereinafter made subject to the Declaration, except such as are withdrawn in accordance with the procedures set forth in the

Declaration.

Section 11. Interpretation and Flexibility. In the event of any ambiguity or question as to whether any person, entity, property or improvement falls within any of the definitions set forth in this Article I, the determination made by Developer in such regard (as evidenced by a recorded Supplemental Declaration stating same) shall be binding and conclusive. Moreover, Developer may, also by way of Supplemental Declaration, alter or amend the application of any portion of this Declaration as to any specified portion(s) of Lake Charleston in order to reflect any unique characteristics thereof; provided that such altered or amended application may not go so far as to be unequivocally contrary to the overall, uniform scheme of development for Lake Charleston contemplated in this Declaration.

All references in this instrument to recording data refer to the Public Records of Palm Beach County, Florida.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

ADDITIONS THERETO

Section 1. Initial Property Subject to Declaration. The initial real property which is and shall be held, transferred, sold, conveyed and occupied subject to all of the terms and conditions of this Declaration is located in Palm Beach County, Florida and is more particularly described in Exhibit "A" attached hereto and shall initially constitute Lake Charleston. The real property described in Exhibit "B" shall, upon the recordation of this Declaration which are discussed in Article II, Section 2 below.

Section 2. Additional Property to be Added to Declaration. In accordance with Developer's current intention to increase the land constituting The Properties from time to time in "phases" when a plat of the land (or any portion thereof) described in exhibit "B" is recorded in the Public Records of Palm Beach County, Florida, that land shall

automatically be deemed to be subject to all of the terms and conditions of the Declaration, regardless of whether the Owner of such land records a supplemental declaration evidencing the addition of such land to The Properties. Notwithstanding the foregoing, the Owner(s) of the land described in Exhibit "B" may record a supplemental declaration giving constructive notice of the addition of such land to The Properties, which supplemental declaration shall not require the consent of the then existing Owner(s) or the Association. Once so added, such land shall be deemed a part of The Properties for all purposes of this Declaration, except as modified pursuant to Article I, Section II hereof, in whole or in part. Nothing in this Declaration shall, however, obligate Developer to add to the initial portion of Lake Charleston or to develop future property (adjacent or otherwise) under the common scheme contemplated by this Declaration, nor to prohibit Developer (or the applicable Developer-affiliated Owner) from rezoning and changing the development plans with respect to such property. All Owners, by acceptance of their deeds to, or other conveyances of, their Lots, thereby automatically consent to any such rezoning, change, addition or deletion thereafter made by the Developer (or the applicable Developer-affiliated Owner thereof) and shall evidence such consent in writing if requested to do so by the Developer at any time (provided, however, that the refusal to give such written consent shall not obviate the general effect of this provision). With respect to property not owned by the Developer and its affiliates, the Developer shall have the right to impose (and retain for its own account) fees for the privilege of allowing such other property to be made subject to this Declaration as aforesaid.

Section 3. Withdrawal. Developer reserves the right to amend this Declaration unilaterally at any time, without prior notice and without the consent of any person or entity, for the purpose of removing any portion of The Properties then owned by the Developer or its affiliates or the Association from the provisions of this Declaration to

the extent included originally in error or as a result of any change whatsoever in the plans for Lake Charleston desired to be effected by Developer; provided, however, that such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the then-remaining portions of Lake Charleston and that such withdrawal has first been approved by Palm Beach County. Any withdrawal of land not owned by Developer shall not be effective without the written consent or joinder of the then-owner(s) of such land.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every person or entity who is an Owner shall be a Member of the Association. Notwithstanding the foregoing, any such person or entity who merely holds record ownership as security for the performance of an obligation shall not be a Member of the Association.

Section 2. Voting Rights. Voting rights of the Members are as set forth in Article III of the Articles of Incorporation. The Districts referenced in that Supplemental Declaration recorded in Official Record Book 10129, Page 784, Public Records of Palm Beach County, Florida, are hereby abolished.

Section 3. General Matters. When reference is made in this Declaration, or in the Articles of Incorporation By-Laws to a specific percentage of Members or Owners, then such reference shall be deemed to be referenced to the specific percentage of the voting interests of the Members, as is described in Article III of the Articles of Incorporation. Also, reference to a meeting of the Owners means a meeting of the voting interests of the Members.

ARTICLE IV

COMMON AREAS AND CERTAIN EASEMENTS

Section 1. Ownership. The Common Areas are hereby dedicated to the joint

and several uses, in common, of the Developer and the owners of all Lots that may from time to time constitute part of The Properties, in the manner specified in this Declaration, and all of the Developer's and such Owners' respective lessees, guests and invites, all as provided and regulated herein or otherwise by the Association. When all improvements proposed by Developer to be constructed within The Properties have been completed and conveyed to purchasers (if applicable), or sooner at Developer's option (exercisable from time to time as to any portion or all of the Common Areas), the Developer, or its successors and assigns, shall convey and transfer (or cause to be conveyed and transferred), by quit claim deed, the record fee simple title to the Common Areas (except those areas lying within dedicated areas or not capable of being legally described, including, but not limited to, the Landscaping and Pedestrian Areas) to the Association, and the Association shall accept such conveyance, holding title for the Owners and Members as stated in the preceding sentence. the Association shall be responsible for the maintenance, insurance and operation of all Common Areas (whether or not conveyed or to be conveyed to the Association) in a continuous and satisfactory manner without cost to the general taxpayers of Palm Beach County. It is intended that all real estate taxes assessed against that portion of the Common Areas owned or to be owned by the Association shall be (or have been, because the purchase prices of the Lots and Units have already taken into account their proportionate shares of values of the Common Areas) proportionally assessed against and payable as part of the taxes of the Lots within The Properties. However, in the event that, notwithstanding the foregoing, any such taxes are assessed directly against the Common Areas, the Association shall be responsible for the payment (subject to protest or appeal before or after payment) of the same, including taxes on any improvements and any personal property thereon accruing from and after the date the Prior Declaration was recorded, and such taxes shall be prorated

between Developer (or the then Developer-affiliated Owner thereof) and the Association as of the date of such recordation.

Developer and its affiliates shall have the right from time to time to enter upon the Common Areas and other portions of The Properties (including, without limitation, Lots and Units) for the purpose of the installation, construction, reconstruction, repair, replacement, operation, expansion and/or alteration of any improvements or facilities on the Common Areas or elsewhere in The Properties that Developer and its affiliates, as appropriate, elect to effect, and Developer and its affiliates shall have the right to use the Common Areas for sales, displays and signs during the period of construction and sale of any of the land owned by Developer and its affiliates within Lake Charleston.

Section 2. Members' Easements. Each of the Association and each tenant, agent and invitee of such Member, shall have a permanent and perpetual non-exclusive easement for the use and enjoyment of all Common Areas in common with all other such Members of the Association, their tenants, agents and invites.

Rights of use with respect to the recreation facilities, if any, may be evidenced by the issuance of membership cards to all persons entitled to use the recreation facilities. All such persons may be required to pay a reasonable charge annually for the issuance of such card and any replacement thereof as determined from time to time by the Association.

In addition to the foregoing, the Association may require that vehicles of all or certain types of Owners bear appropriate decals and may charge a reasonable fee for such decals.

All rights of use and enjoyment are subject to the following:

(a) Easements over and upon the Common Areas in favor of all Neighborhood Association and the Association and their Members, provided,

however, that this subsection shall not in itself be deemed to grant any easements or use rights which are not specifically granted elsewhere herein or in any other documents to which The Properties (or any applicable portion(s) thereof are now or hereafter made subject.

(b) The right and duty of the Association to levy assessments against each Lot for the purpose of maintaining the Common Areas and facilities in compliance with the provisions of this Declaration and with the restrictions on the plats of portions of The Properties from time to time recorded.

(c) The right of the Association to suspend the right of an Owner and his designees to use the Common Areas (except for legal access) and common facilities for any period during which any applicable assessment remains unpaid; and for a period not to exceed sixty (60) days for any infraction of lawfully adopted and published rules and regulations.

(d) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated on the Common Areas, provided that such right is now or hereafter granted to or adopted by the Association.

(e) The right of the Association to adopt at any time and from time to time and enforce rules and regulations governing the use of the Common Areas and all facilities at any time situated thereon, including the right to fine Members as elsewhere provided herein. Any rule and/or regulation so adopted by the Association shall apply until rescinded or modified as if originally set forth at length in this Declaration.

(f) The right of the Association, by a 2/3rds affirmative vote of the entire membership, or the Developer, unilaterally (i.e., without the joinder or consent of the Association or any of its Members) to dedicate portions of the Common

Areas to a Neighborhood Association or a public or quasi-public agency, community development district or similar entity under such terms as the Association deems appropriate and to create or contract with the Association, community development and special taxing districts for lighting, roads, recreational or other services, security, communications and other similar purposes deemed appropriate by the Association (to which such creation or contract all Owners hereby consent). Notwithstanding the foregoing, the Common Area cannot be mortgaged by the Association or conveyed by the Association to an entity other than a Neighborhood Association without the consent of at least two-thirds (2/3rds) vote of the entire membership, exclusive of the Developer.

(g) Anything to the contrary in this Declaration notwithstanding, the Developer shall have the right to permit persons other than Members and designated persons to use certain portions of the Common Areas and any recreational facilities that may be constructed thereon under such terms as Developer, its successors and assigns, may from time to time desire without interference from the Association. Without limiting the generality of the foregoing, the Developer may grant such use rights to all children and other participants in day care centers, schools, camps, nurseries, or similar programs located or operated on any portion of Lake Charleston.

(h) The right of the Developer and the Association to have, grant and use general ("blanket") and specific easements over, under and through the Common Areas.

(i) The right to the use and enjoyment of the Common Areas and facilities thereon in the case of Class A Members shall extend to each permitted user's immediate family members who reside with him, subject to regulation from time to time by the Association in its lawfully adopted and published rules and regulations.

WITH RESPECT TO THE USE OF THE COMMON AREAS AND THE PROPERTIES GENERALLY, ALL PERSONS ARE REFERRED TO ARTICLE XII, SECTIONS 12, AND 15 HEREOF WHICH SHALL AT ALL TIMES APPLY THERETO.

Section 3. Easements Appurtenant. The easements provided in Section 2 shall be appurtenant to and shall pass with the title to each Lot.

Section 4. Maintenance. The Association shall at all times maintain in good repair, operate, manage and insure, and shall replace as often as necessary, the Common Areas, any and all improvements situated on the Common Areas (upon completion of construction by Developer or its affiliates, if applicable), including, but not limited to, all recreational facilities, landscaping, paving, drainage structures, private

roads, street lighting fixtures and appurtenances located within public and private rights-of-way, sidewalks, swimming pools and structures, except public utilities, and other portions of The Properties which are maintained, etc., by a Neighborhood Association, all such work to be done as ordered by the Board of Directors of the Association. Maintenance of street lighting fixtures shall include and extend to payment for electricity consumed in their illumination. Without limiting the generality of the foregoing, the Association shall assume all of Developer's, its affiliates (and its and their predecessors') responsibility to Palm Beach County, its governmental and quasi-governmental subdivisions and similar entities of any kind with respect to the Common Areas, including, but not limited to, roads and entry features, and shall indemnify Developer and its affiliates and hold Developer and its affiliates harmless with respect thereto.

In the event of any conflict, ambiguity or uncertainty as to whether certain maintenance or other duties as to any portion of The Properties falls within the jurisdiction of the Association or a Neighborhood Association, the determination of the Association shall control.

All work pursuant to this Section and all expenses hereunder shall be paid for by the Association through assessments imposed in accordance herewith. In order to effect economies of scale and for other relevant purposes, the Association, on behalf of itself and/or all or appropriate Neighborhood Associations, shall have the power to incur, by way of contract or otherwise, expenses general to Lake Charleston or appropriate portions thereof, and the Association shall then have the power to allocate portions of such expenses among the affected Neighborhood Associations, based on such formula as may be adopted by the Association or as otherwise provided in this Declaration. The portion so allocated to any Neighborhood Association shall be

deemed a general expense thereof, collectible through its own assessments.

No Owner may waive or otherwise escape liability for the assessments for such maintenance by non-use (either voluntary or involuntary) of the Common Areas or abandonment of his right to use the Common Areas. In the event the Association becomes responsible for the maintenance of property or incurs such other expense that benefits less than all of the Owners, the Association Board of Directors shall have the power to levy and collect an assessment against those Owners who are not Members of a Neighborhood Association and who benefit from such maintenance or expenditures by the Association.

Section 5. Utility Easements. Public utilities in the Common Areas for the service of The Properties shall be installed underground except as otherwise permitted by Developer.

Section 6. Public Easements. Fire, police, health and sanitation and other public service personnel and vehicles shall have a permanent and perpetual easement for ingress and egress over and across the Common Areas in the performance of their respective duties.

Section 7. Zero-Lot Line Maintenance Easement. In the event any portion of a Unit as originally constructed is located on or near the Lot boundary line separating the Lot upon which the Unit is constructed (the "Unit Lot") from the adjoining Lot (the "Adjoining Lot"), then the Owner of the Unit Lot shall enjoy and the Adjoining Lot shall be subject to a perpetual non-exclusive easement over, under, across and through a five (5) foot wide strip of the Adjoining Lot which abuts and runs parallel to their common Lot boundary line. The purpose of this easement is to allow the Owner of the

Unit Lot to maintain and repair portions of his Unit which are easily accessible only from the Adjoining Lot. The Owner of the Unit Lot shall have the right at all reasonable times, after prior notice to the Owner of the Adjoining Lot to use and enjoy the easement herein provided in order to perform work relating to the maintenance and repair of his Unit. This easement shall also apply for the maintenance of shrubbery located upon the Unit Lot. There shall also be a perpetual exclusive two foot (2') easement for roof eaves, overhangs, gutters, other protrusions and underground pipelines for water run-off over the Adjoining Lot.

ARTICLE V

LANDSCAPING AND PEDESTRIAN AREAS

Section 1. Maintenance. Without limiting the generality of other applicable provisions hereof, the Landscaping and Pedestrian Areas of the Association shall be maintained by the Association, beginning upon the date these covenants are recorded, in a continuous and satisfactory manner without cost to the general taxpayers of Palm Beach County, and without direct, individual expense to the Owners of the Lots upon which the Landscaping and Pedestrian Areas are situated or abut, except for their share of the general common expenses. Such maintenance shall extend to any street lighting fixtures and the payment for electricity consumed in their illumination. All work pursuant to this Section and all expenses hereunder shall be paid for by the Association through assessments imposed in accordance herewith or by allocation of such expenses to the applicable Neighborhood Association or its Members, as provided herein. No Owner may waive his right to use or otherwise escape liability for assessments for such maintenance under this Section.

Section 2. Limitations on Use. The Landscaping and Pedestrian Areas shall be

used for the purposes of landscaping, a planting screen buffer and for installation and maintenance of underground utilities and lines, and shall not be used by Owners of the respective Lots for parking or for any other purposes. No driveway access or vehicular access shall be permitted to any Lots across any Landscaping and Pedestrian Areas, except for access to the sales model areas and such other access as may be permitted by the Developer in a Supplemental Declaration.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. Except as provided elsewhere herein, the Developer (and each party joining in this Declaration or in any supplemental declaration), for each Lot owned by it (or them) with the Properties, hereby, respectively, covenant and agree, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association annual assessments or charges for the maintenance, operation, management and insurance of the Common Areas and the Association as provided herein, including, but not limited to, the Landscaping and Pedestrian Areas and other items described herein as Common Areas whether or not such items are on dedicated property or owned by Neighborhood Association or otherwise, including such reasonable reserves as the Association may deem necessary, and special assessments as provided for in this Declaration, all such assessments to be fixed, established and collected from time to time as hereinafter provided.

Section 2. Assessment Rates and Commencement Dates. The assessments provided for in this Article VI shall be at the rates, and shall commence, as provided

below:

Residential Land and Lots. All Residential Land shall be assessed at a rate equal to twenty percent (20%) of the assessments which would be applicable to such land if all Residential Units permitted to be applicable to such land if all Residential Units permitted to be constructed thereon from time to time by the applicable zoning or land use plan (or its equivalent) were constructed and conveyed by the builder(s) thereof.

The foregoing shall apply to Residential Land regardless of whether or not all or any portion thereof is platted; provided, however, that all Residential Lots within Lake Charleston shall be assessed equally at the full (i.e., 100%) rate commencing on the first (1st) day of the second calendar month after the earlier of (1) the issuance of the certificate of occupancy (or its equivalent) for the Residential Unit constructed on the Lot or (2) the recording of the deed of such Lot to the first purchaser thereof from the party constructing such Unit.

Residential Units (Apartments). No Residential Unit shall be assessed separately from the Residential Lot on which it is situated (or, in the case of a condominium unit, which it constitutes). Assessments shall commence on the date provided in the Supplemental Declaration which subjects same to this Declaration or, if the commencement date is not so provided, on the date the final certificate of occupancy (or its equivalent) is issued by the appropriate governmental authority for the building in which the Residential Units are located.

In the event that a Lot is intended to ultimately contain more than one building, unless otherwise provided in the applicable Supplemental Declaration the assessments payable on the Lot shall increase to include the amounts provided for above as each additional building receives a certificate of occupancy (or its

equivalent) or, in the alternative, as provided in the applicable Supplemental Declaration. Notwithstanding any of the foregoing, however, the lien for assessments provided herein shall at all times attach to the entire applicable Lot.

Commercial Lots. In recognition of the fact that the varying potential uses of Commercial Lots will have concomitantly varying impacts on Lake Charleston, and in order to preserve the flexibility of Developer in providing for appropriate applications of this Declaration to, inter alia, Commercial Lots, Developer shall designate the assessment rate and its commencement date as to each Commercial Lot in Lake Charleston by providing for same in the Supplemental Declaration subjecting the Lot to the provisions of the Association. If such Supplemental Declaration does not specify the assessment rate for the Commercial Lot(s) then the rate shall be equal to the rate for Residential Lots per acre (or any fraction thereof) contained in the Commercial Lot(s). It is specifically contemplated, though not mandated, that Commercial Lots may pay assessments at a lower rate than applicable to Residential Lots (regardless of relative sizes) and may not be subject to assessment until a Certificate of Occupancy or its equivalent is issued therefore, or that same may be subject only to assessments at reduced rate until such time.

Common Areas and Certain Other Property. No Common Areas hereunder or any common areas or common elements of a HA shall be subject to direct assessment hereunder (although the share of common elements appurtenant to the condominium unit shall be subject to the lien for assessments applicable to such unit). The foregoing exemption shall also apply to parks and similar open spaces; provided, however, that open space within a Commercial Lot which is merely an appurtenance to or otherwise integrated with buildings,

parking lots or other improvements located thereon shall not be considered a “park” within the meaning of this Section and, therefore, shall be included within the computations of the acreage of the Commercial Lots when determining the assessments thereon. Further, the foregoing exemption shall apply to any land owned by a publicly-regulated utility company (including, without limitation, Florida Power and Light Co. and Southern Bell) as long as such land is used for or in connection with the provision of utilities (exclusive of business offices, retail outlets and the like). In the event of any ambiguity or doubt as to whether any particular open space or other land is subject to assessment, the determination of the Developer (or, if there is no Class B Voting Member, the Board of Directors of the Association) shall be final and conclusive (and not subject to later change unless the use of the open space in question changes).

Section 3. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for maintenance, operation, management and insurance of the Common Areas as provided herein, the payment of expenses allocated to the Association or The Properties by the Association. Assessments shall not be used to pay judgments against the Association, its Officers or employees.

A. A purpose of assessments shall include the post, fees and charges for bulk rate cable television or other telecommunication services contracted by the Board of Directors on behalf of the Association. Notwithstanding any provision contained in this Declaration to the contrary, the foregoing shall be assessed only against Residential Units (on a prorated basis if applicable) and shall be excluded from the formula to calculate the assessment obligation of Residential Land.

Section 4. Special Assessments. In addition to the special assessments referred to in Section 1 of this Article VI, and in Article XI, Section 7 of the Declaration, special assessments may be imposed by the Board of Directors against all Lots and Owners when needed to meet any proper common expense(s). Notwithstanding the foregoing to the contrary, any special assessment relating to an alteration or improvement which requires the vote of the Voting Members under Article XII, Section 18 below shall not be levied without obtaining the vote imposed by that article of the Declaration.

Section 5. Date of Commencement of Annual Assessments; Due Dates. The annual/regular assessments provided for in this Article shall commence on the first day of the month next following the recordation of these covenants and shall be applicable through December 31 of such year. Each subsequent annual assessment shall be imposed for the year beginning January 1 and ending December 31.

The annual assessments shall be payable in advance in monthly installments, or in semi-annual installments if so determined by the Board of Directors of the Association. The assessment amount (and applicable installments) may be changed at any time by said Board from that originally stipulated or from any other assessment that is in the future adopted. The original assessment for any year shall be levied for the calendar year (to be reconsidered and amended, if necessary, every six (6) months), but the amount of any revised assessment to be levied during any period shorter than a full calendar year shall be in proportion to the number of months (or other appropriate installments) remaining in such calendar year.

The due date of any special assessment or capital improvement assessment shall be fixed in the Board resolution authorizing such assessment.

Section 6. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each Lot for each assessment period, to the extent practicable, at least thirty (30) days in advance of such date or period, and shall, at that time, prepare a roster of the Lots, the Owners thereof and assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Owner.

Written notice of the applicable assessment shall thereupon be sent to every Owner subject thereto thirty (30) days prior to payment, except as to emergency assessments. In the event no such notice of a new assessment period is given, the assessment amount payable shall continue to be the same as the amount payable for the previous period, until changed in the manner provided for herein.

The Association shall upon demand at any time furnish to any Owner liable for an assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid as to any particular Lot. Such certificate shall be conclusive evidence of payment of any assessment to the Association therein stated to have been paid.

The Association, through the action of its Board of Directors, shall have the power, but not the obligation, to acquire by purchase, lease or otherwise, one or more Units for occupancy by its employees or independent contractors, and to enter into an agreement or agreements from time to time with one or more persons, firms or corporations (including affiliates of the Developer) for management services. The Association shall have all other powers provided herein and in its Articles of Incorporation and By-Laws.

Section 7. Effect of Non-Payment of Assessment; the Personal Obligation; the Lien; Remedies of the Association. If the installments of an assessment are not paid on the dates when due (being the dates specified herein), then such installments shall become delinquent and shall, together with late charges, interest and the cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the appropriate Lot, which shall bind such Lot in the hands of the then Owner, his heirs, personal representatives, successors and assigns. Except as provided in Section 8 of this Article, the personal obligation of the then Owner to pay such assessment shall pass to his successors in interest and recourse may be had against either or both.

If any installment of an assessment is not paid within fifteen (15) days after the due date, at the option of the Neighborhood Association, a late charge not greater than the amount of such unpaid installment may be imposed (provided that only one late charge may be imposed on any one unpaid installment and if such installment is not paid thereafter, it and the late charge shall accrue interest as provided herein but shall not be subject to additional late charges, provided further, however, that each other installment thereafter coming due shall be subject to one late charge as aforesaid) or the next 12 months' on installments may be accelerated and become immediately due and payable in full, and all sums due shall bear interest from the dates when due until paid at the highest lawful rate (or, if there is not highest lawful rate, 18% per annum) and the Association may bring an action at law against the Owner(s) personally obligated to pay the same or may record a claim of lien (as evidence of its lien rights as hereinabove provided for) against the property on which the assessments and late charges are unpaid, or may foreclose the lien against the property on which the assessments and late charges are unpaid, or pursue one or more of such remedies at the same time or successively, and attorneys' fees and costs

of preparing and filing the claim of lien and the complaint (if any) in such action, and in prosecuting same, shall be added to the amount of such assessments, interest and late charges, and in the event a judgment is obtained, such judgment shall include all such sums as above provided and attorneys' fees actually incurred in the applicable action together with the costs of the action, and the Association shall be entitled to attorneys' fees in connection with any appeal of any such action.

In the case of an acceleration of the next 12 months of installments, each installment so accelerated shall be deemed, initially, equal to the amount of the then most current delinquent installment, provided that if any such installment so accelerated would have been greater in amount by reason of a subsequent increase in the applicable budget, the Owner of the Lot who installments were so accelerated shall continue to be liable for the balance due and payable by reason of such an increase and special assessments against such Lot shall be levied by the Association for such purpose.

In addition to the rights of collection of assessments stated in this Section, any and all person acquiring the title to or the interest in a Lot as to which the assessment is delinquent, including, without limitation, persons acquiring title by operation of law and by judicial sale, shall not be entitled to the occupancy of such Lot or the enjoyment of the Common Areas until such time as all unpaid and delinquent assessments due and owing from the selling Owner have been fully paid, and no sale or other disposition of Lots shall be permitted until an estoppel letter is received from the Association acknowledging payment in full of all assessments and other sums due; provided, however, that the provisions of this sentence shall not be applicable to the mortgagees and purchasers contemplated by Section 8 of this Article.

Unless delegated to a Neighborhood Association, it shall be the legal duty and responsibility of the Association to enforce payment of the assessments hereunder.

Failure of a collecting entity to send or deliver bills or notices of assessments shall not, however, relieve owners from their obligations hereunder.

All assessments, late charges, interest, penalties, fines, attorneys' fees and other sum provided for herein shall accrue to the benefit of the Association.

Owners shall be obligated to deliver the documents originally received from the Developer, containing this and other declarations and documents, to any grantee of such owners.

The Association shall have such other remedies for collection and enforcement of assessments as may be permitted by applicable law. All remedies are intended to be, and shall be cumulative.

Section 8. Subordination of the Lien. The lien of the Association for assessments provided for in this Article shall be subordinate to real property tax liens, and to the lien of any first mortgage recorded prior to recordation of a claim of lien by the Association, which mortgage encumbers any Lot and is in favor of any institutional lender or is otherwise insured by FNMA or FHLMC and is now or hereafter placed upon a portion of The Properties subject to assessment; provided, however, that, notwithstanding anything contained herein to the contrary, only a first mortgagee who acquires title to a Lot shall be excused from paying assessments which came due prior to acquiring title. Nothing herein shall excuse a lot owner other than a first mortgagee from the obligation to pay any and all unpaid assessments that came due prior to acquiring title to a lot in addition to interest, late charges, costs and attorney's fees

incurred in collection of such sums notwithstanding whether such interest, late charges, costs and attorney's fees incurred in collection came due prior to the acquisition of title. Nothing herein shall be construed to relieve a first mortgagee who acquires title to a lot from the obligation to pay the Association the lesser of twelve (12) months of unpaid assessments that came due immediately preceding the acquisition of title or one percent (1%) of the original mortgage amount as is currently required pursuant to Section 720.3085, Fla. Stat. (2014). If the referenced statute is amended to increase the amount of a first mortgagee's liability, the first mortgagee shall be liable for that increased amount. No amendment that decreases a first mortgagee's liability shall be effective to alter the effect of this section. The order of priority of liens hereunder shall be: tax liens, first mortgage liens, liens for Association assessments, and liens for Neighborhood Association Assessments. Any unpaid assessment which cannot be collected as a lien against any Lot by reason of the provisions of this Section shall be deemed to be an assessment divided among, payable by and a lien against all Lots as provided in Section 1 of this Article, including the Lot as to which the foreclosure (or conveyance in lieu of foreclosure) took place. Liens for assessment under this Article shall be superior to liens for assessments of the Neighborhood Association which may be referred to in declarations of restrictions and protective covenants that may be recorded with respect to certain Lots in such Neighborhood Association communities.

Section 9. Collection of Assessments. Assessments levied pursuant hereto and pursuant to the applicable Declarations for the Neighborhood Association shall be collected in the manner established pursuant to Article IX of this Declaration. In the event that at any time said manner provides for collection of assessments levied pursuant hereto by an entity other than the Association, all references herein to collection (but not necessarily enforcement) by the Association shall be deemed to refer to the other entity performing such collection duties and the obligations of Owners to pay assessments shall be satisfied by making such payments to the applicable

collecting entity.

Section 10. Effect on Developer. Notwithstanding any provision that may be contained to the contrary in this instrument, for so long as Developer (or any of its affiliates) in the owner of any Lot or undeveloped property within The Properties, the Developer shall have the option, in its sole discretion, to (i) pay assessments on the Lots owned by it, (ii) pay assessments only on certain designated Lots (e.g., those under construction or those containing a Unit for which a certificate of occupancy has been issued) or (iii) not paying assessments on any Lots and in lieu thereof funding any resulting deficit in the Association's operating expenses not produced by assessments receivable from owners other than the Developer. The Deficit to be paid under option (iii), above, shall be the difference between (i) actual operating expenses of the Association (exclusive of capital improvement costs, reserves and management fees) and (ii) the sum of all monies receivable by the Association (including, without limitation, assessments, interest, late charges, fines and incidental income) from Lot owners other than Developer and any surplus carried forward from the preceding year(s). The Developer may from time to time change the option stated above under which the Developer is making payments to the Association by written notice to such effect to the Association. If Developer at any time elects option (ii) above, it shall not be deemed to have elected option (iii) as to the Lots which are not designated under Option (ii). When all Lots within The Properties are sold and conveyed to purchasers, neither the Developer, nor its affiliates, shall have further liability of any kind to the Association for the payment of assessments, deficits or contributions.

Section 11. Association Funds. The portion of all regular assessments collected by the Association for reserves for future expenses, and the entire amount of all special assessments, shall be held by the Association and may be invested in interest bearing

accounts or in certificates of deposit or other like instruments or accounts available at banks or savings and loan institutions, the deposits of which are insured by an agency of the United States.

Section 12. Specific Damage. Owners (on their behalf and on behalf of their tenants, contractors, subcontractors, licensees, invites, employees, officers, children and guests) causing damage to any portion of the Common Areas as a result of misuse, negligence, failure to maintain or otherwise shall be directly liable to the Association and a special assessment may be levied therefore against such Owner or Owners. Such special assessments shall be subject to all of the provisions hereof relating to other assessments, including, but not limited to, the lien and foreclosure procedures.

Section 13. Rights to Assessments. The Association shall have the sole right to the assessments, both annual and special, for the use and purposes as provided for herein and no rights as to any other person are created or intended to be created hereby.

ARTICLE VII

MAINTENANCE OF UNITS AND LOTS

Section 1. Exteriors of Units and Buildings. Each Owner shall maintain or cause to be maintained all structures (including all Units and Buildings) located on his Lot in a neat, orderly and attractive manner and consistent with the general appearance of The Properties. The minimum (though not sole) standard for the foregoing shall be consistency with the general appearance of the developed portions of The Properties and, as to Residential Units, the portion thereof in which the Unit is located [taking into account, however, normal weathering and fading of exterior finishes, but not to the point

of unsightliness, in the judgment of Developer or the DRB (as hereinafter defined)]. Each Owner shall repaint, restain, or refinish, as appropriate, the exterior portions of his Unit or Building (with the same colors and materials as initially used or approved by Developer and/or the DRB) as often as is necessary to comply with the foregoing standards.

Section 2. Lots. Each Owner shall maintain the trees, shrubbery, grass and other landscaping, and all parking, pedestrian, recreational and other open areas, on his Lot in a neat, orderly and attractive manner and consistent with the general appearance of the developed portions of The Properties and, as to Residential Units, the portion thereof in which the Unit is located. The minimum (though not sole) standard for the foregoing shall be the general appearance of The Properties (and the applicable portion thereof as aforesaid) as initially landscaped (such standard being subject to being automatically raised by virtue of the natural and orderly growth and maturation of applicable landscaping, as properly trimmed and maintained).

Section 3. Remedies for Noncompliance. In the event of the failure of an Owner to maintain or cause to be maintained, his Unit, Building or Lot in accordance with this Article, the Association or applicable Neighborhood Association (whichever at the time has the power or duty to enforce this Article pursuant to Article XI hereof) shall have the right (but not the obligation), upon five (5) days' prior written notice to the Owner at the address last appearing in the records of the Association, to enter upon the Owner's Lot and perform such work as is necessary to bring the Lot or Unit, as applicable, into compliance with the standards set forth in this Article. Such work may include, but shall not necessarily be limited to, the cutting/trimming of grass, trees and shrubs; the removal (by spraying or otherwise) of weeds and other vegetation; the resodding or replanting of grass, trees or shrubs, the repainting or restaining of exterior

surfaces of a Unit; the repair of walls, fences, roofs, doors, windows and other portions of a Unit or other structures on a Lot; and such other remedial work as is judged necessary by the applicable entity. The remedies provided for herein shall be cumulative with all other remedies available under this Declaration or other applicable Covenant or Deed Restrictions (including, without limitation, the imposition of fines or special assessments or the filing of legal or equitable actions).

Section 4. Costs of Remedial Work; Surcharges. In the event that the Association, or an applicable Neighborhood Association, performs any remedial work on a Unit, Building or Lot pursuant to this Article or any other applicable Covenants or Deed Restrictions, the costs and expenses thereof shall be deemed a special assessment under Article VI of this Declaration and may be immediately imposed by the Board of Directors of the Association or its designer. In order to discourage Owners from abandoning certain duties hereunder for the purpose of forcing one of the aforesaid entities to assume same, and additionally, to reimburse same for administrative expenses incurred, the applicable entity may impose a surcharge of not more than thirty five percent (35%) of the cost of the applicable remedial work, such surface to be a part of the aforesaid special assessment. No bids need be obtained for any of the work performed pursuant to this Article and the person(s) or company performing such work may be selected by the applicable enforcing entity in its sole discretion.

Section 5. Right of Entry. There is hereby created an easement in favor of the Association and/or the applicable Neighborhood Association, as appropriate, and their applicable designees, over each Lot for the purpose of entering onto the Lot in the performance of the work herein described, provided that the notice requirements of this Article are complied with and any such entry is during reasonable hours.

Section 6. Neighborhood Associations. All of the requirements, obligations and remedies set forth in this Article shall apply to all Neighborhood Associations and their common areas/ elements and all improvements thereto. Accordingly, as applied to a Neighborhood Association, the term Owner as used in this Article shall be deemed to include the Neighborhood Association (even if it does not hold legal title to its common areas/elements) and the term Lot and Unit shall be deemed to include a Neighborhood Association's common areas/elements and all improvements thereto. Any costs of remedial work or surcharge thereon applicable to a Neighborhood Association shall be paid directly by the Neighborhood Association, failing which the Association may, in addition to all other available legal and equitable remedies, withhold the amount of same from amounts collected on behalf of the Neighborhood Association and the Association is hereby granted a lien on such amounts for such purpose.

ARTICLE VIII

CERTAIN RESTRICTIONS, RULES AND REGULATIONS

Section 1. Applicability. The provisions of this Article VIII shall be applicable to all of The Properties and the use thereof, provided, however, Developer and its affiliates and those persons designated as a "Lake Charleston Developer" by Developer shall be exempt from certain of the provisions of this Article.

If requested by any interested party, Developer shall give a written statement as to whether any particular person or property and for what period of time such exemption applies. The party receiving such statement shall be entitled to rely thereon and such statement shall be binding on Developer, the Association, all NAs and all other relevant persons and entities.

Section 2. Land Use and Building Type. No Residential Lot shall be used except for residential purposes. No building constructed on a Residential Lot shall be used except for residential purposes, except for such ancillary or other commercial uses as applicable zoning codes and other laws and ordinances may permit to be made of portions of otherwise residential buildings. However, without limiting the generality of Section 1 above, temporary uses by Developer, its affiliates and Lake Charleston developers for model homes, sales displays, parking lots, sales offices and other offices, or any one or any combination of such uses, shall be permitted until permanent cessation of such uses takes place. No changes may be made in buildings erected or approved by the Developer (except if such changes are made by the Developer) without the consent of Developer, the DRB or its neighborhood association counterpart, as appropriate and as provided herein.

Section 3. Easements. Easements for installation and maintenance of utilities are reserved as shown on the recorded plats covering The Properties and as provided herein. The area of each Lot covered by an easement and all improvements in the area shall be maintained continuously by the Owner of the Lot, except as provided herein to the contrary and except for installations for which a public authority or utility company is responsible. The appropriate water and sewer authority, electric utility company, telephone company, the Association, the applicable Neighborhood Association and Developer and its affiliates, and their respective successors and assigns, shall have a perpetual easement for the installation and maintenance, all underground, of water lines, sanitary sewers, storm drains, and electric, telephone and cables and conduits, under and through the utility easements as shown on the plats.

Section 4. Nuisances. No noxious, offensive or unlawful activity shall be carried on upon The Properties, nor shall anything be done thereon which may be or may

become an annoyance or nuisance to other Owners. ALL PERSONS ARE REFERRED TO ARTICLE XII, SECTION 11 HEREOF WITH RESPECT TO CERTAIN ACTIVITIES OF Developer.

Section 5. Temporary Structures. No structure of a temporary character, or trailer, mobile home or recreational vehicle, shall be permitted on any Lots within The Properties at any time or used at any time as a residence, either temporarily or permanently, except by the Developer and its affiliates during construction.

Section 6. Signs. No sign of any kind shall be displayed to the public view on any Residential Lot, except one sign designating the name of a security company protecting the premises, except only one sign of not more than one (1) square foot used to indicate the name of the resident or one sign of not more than five (5) four(4) square feet advertising the property for sale or for rent (in locations and in accordance with applicable design standard, except that the sign must be commercially lettered and not higher than four (4) feet measured to the top of the sign and post) or any sign used by a builder to advertise the company during the construction and sales period. No sign of any kind shall be permitted to be placed inside a Residential Unit or on the outside walls of such Unit or on any fences on The Properties, nor (except as otherwise provided below) on the Common Areas, nor on dedicated areas, nor on entryways or any vehicles within the Properties, except such as are placed by the Developer or its affiliates. Residents may post one open house sign per Lot on the Common Area on Sundays only, and may post one garage sale sign per Lot on the Common Area on Saturdays and Sundays only, but no sign may be posted at Lake Charleston's main entrance at Jog Road. Without limiting the generality of Article XI hereof, in the event that similar requirements of a Neighborhood Association are more restrictive than those set forth herein, such more restrictive requirements shall

supersede and control.

The foregoing restrictions or signs shall not apply to signs on Commercial Lots to the extent signs are originally permitted by Developer or the DRB to be erected thereon, such permission being subject to later modifications to permit additional or different signage.

Section 7. Oil and Mining Operation. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in The Properties, nor on dedicated areas, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in The Properties. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any portion of the land subject to these restrictions.

Section 8. Pets, Livestock and Poultry. No animals, reptiles, wildlife, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except no more than two (2) household pets may be kept, provided they are not kept, bred or maintained for any commercial purpose (except as to permitted pet shops, kennels and/or stables being operated as Commercial Units), and provided that they do not become a nuisance or annoyance to any neighbor by reason of barking or otherwise. No dogs or other pets shall be permitted to have excretions on any Common Areas, except areas designated by the Association, and Owners shall be responsible to clean-up any such improper excretions. For purposes hereof, "household pets" shall mean dogs, cats and other animals expressly permitted by the Association, if any. Pets shall also be subject to all applicable rules and regulations. Nothing contained herein shall prohibit the keeping of fish or domestic (household type) birds, as long as the latter are kept indoors and do not become a source of annoyance to neighbors.

Section 9. Visibility at Intersections. No obstruction to visibility at street intersections or Common Area intersections shall be permitted.

Section 10. Commercial Trucks, Trailers, Campers and Boats. Parking within Lake Charleston shall be restricted to garages and the parking apron appurtenant to each unit and in no other place, unless specifically designated for parking on any Plat or by the Development Review Board. Only four wheel passenger automobiles or passenger vans (with full-seating capacity and side windows installed) shall be placed or parked within Lake Charleston in public view, including, but not limited to the parking apron appurtenant to each Unit. No trailers or habitable motor vehicles of any nature, motorcycles, service vehicles, commercial vehicles, non-passenger vehicles, trucks or commercial "pick-ups", equipment, implements or accessories shall be kept, stored, or parked overnight on any part of the Properties or any Lot unless the same are fully enclosed within the garage located on such Lot and/or said vehicles and accessories are screened from view by a screening structure or fencing approved by the Development Review Board, and said vehicles and accessories are in operable condition. No maintenance or repair shall be performed upon any boat or motor vehicle upon any of the Properties except within a building which is totally removed from public view. No boats, on or off trailers, may be parked on any part of the Properties except within an enclosed garage. No vehicles, including service vehicles, shall be permitted to park on streets overnight. The prohibition of parking certain vehicles shall not apply to temporary parking of trucks and commercial vehicles, such as for pick-up, delivery or other commercial services, nor shall same apply to the Developer, its contractors, sub-contractors and employees during periods of construction of Units. In addition to the foregoing parking and vehicular restrictions, each Owner shall be subject to reasonable parking and vehicular restrictions as may be adopted from time to time by the

Neighborhood Association, if any, governing their particular Unit.

Subject to applicable laws and ordinances, any vehicle parked in violation of these or other restrictions contained herein or in the rules and regulations now or hereafter adopted may be towed by the Association at the sole expense of the Owner of such vehicle if such vehicle remains in violation for a period of 24 hours from the time a notice of violation is placed on the vehicle. The Association shall not be liable to the Owner of such vehicle for trespass, conversion or otherwise, nor guilty of any criminal act, by reason of such towing and once the notice is posted, neither its removal, nor failure of the Owner to receive it for any other reason, shall be grounds for relief of any kind. For purposes of this paragraph, "vehicle" shall also mean campers, mobile homes and trailers. An affidavit of the person posting the aforesaid notice stating that it was properly posted shall be conclusive evidence of proper posting.

Except for landscaping equipment/vehicles performing landscaping services for the Association and except for any vehicle on a Lot which is totally screened from view as permitted by this Section 10, no vehicle shall park on any grass areas within Lake Charleston. Reference to the term "commercial vehicle" shall mean any motor vehicle which has an outward appearance of being used in connection with business, such as: the vehicle displays work equipment to view and/or is commercially lettered or contains a commercial or business logo. Actual use of the vehicle shall not be considered; only its outward appearance shall be. The term "overnight" shall mean any time whatsoever between the hours of 1:00 a.m. and 6:00 a.m. inclusive.

Section 11. Garbage and Trash Disposal. No garbage refuse, trash or rubbish shall be deposited except as permitted by the Association. The requirements from time

to time of the applicable governmental authority, trash collection company or the Association (which may, but shall not be required to, provide solid waste removal services) for disposal or collection of waste shall be complied with. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. All solid waste containers shall comply with applicable Neighborhood Association restrictions and the standards adopted by the Association (or the DRB) for such containers (the latter to control over the former in the event of conflict).

Section 12. No Drying. No clothing, laundry or wash shall be aired or dried on any portion of The Properties except on a portion of Lot which is completely screened from the view of all persons other than those on the Lot itself.

Section 13. Lakefront Property and Lakes. As to all portions of The Properties which have boundary contiguous to any lake or other body of water, the following additional restrictions and requirements and shall be applicable:

- (a) No boathouse, dock, wharf or other structure of any kind shall be erected, placed, altered or maintained on the shores of the lake unless erected by the Developer or its affiliates, subject to any and all governmental approvals and permits that may be required.
- (b) No motorized boat shall be launched from the shore of any lake or water body, except from an Owner's Lot.
- (c) No motorized boat, no boat trailer or vehicular parking or use of lake slope or shore areas shall be permitted, except that a boat with an electric motor with a maximum of three (3) horsepower shall be permitted.

(d) No solid or liquid waste, litter or other materials may be discharged into/onto or thrown into/onto any lake or other body of water or the banks thereof.

(e) Each applicable Owner shall maintain his Lot and/or any property of the Association lying between his Lot and the line of the water in the adjacent lake or other water body, as such line may change from time to time by virtue of changes in water levels.

In order to provide for uniform water and waterbody vegetation control, no Neighborhood Association or Owner shall undertake the performance of same without the Association's approval.

No motorized boat shall be operated on any lake or waterbody except by the Association or its designee for maintenance purposes.

Section 14. Unit Air Conditioners and Reflective Materials. No air conditioning units may be mounted through windows or walls. No building shall have any aluminum foil placed in any window or glass door or any aluminum foil placed in any window or glass door or any reflective substance or other materials (except standard window treatments) placed on any glass, except such as may be approved by the DRB or its equivalent for energy conservation purposes.

Section 15. Exterior Antennas, etc. No exterior antennas, satellite dishes or similar equipment shall be permitted on any Residential Lot or improvement thereon, except as follows:

- A. No antenna or satellite dish shall be permitted except as is mandated by the (Federal) Telecommunications Act of 1966 (the "Act"), as implemented by Administrative Rules adopted by the Federal Communication Commission ("FCC") as amended from time to time. At the time of this amendment, the minimum satellite dish installation guaranteed by the Act is one which is one meter in diameter or less. To the extent permitted by the Administrative Rules, the Association may require that the installation be screened from view from a street, lake or Common Area, as well as real property outside of the community. Placement of the installation on a Residential Lot shall be limited to the rear of the Owner's Lot, and the DRB may dictate the actual location within that area to the extent that the dictated location does not impair reception of an acceptable signal.

Section 16. Chain Link Fences. No chain link fences shall be permitted on any Lot or portion thereof, unless installed by Developer or its affiliates during construction periods or as otherwise approved by Developer.

Section 17. Renewable Resource Devices. Nothing in this Declaration shall be deemed to prohibit the installation of energy devices based on renewable resources (e.g., solar collector panels); provided, however, that same shall be installed only in accordance with the reasonable standards adopted from time to time by the DRB or its Neighborhood Association counterpart, whichever then has jurisdiction over such matters. Such standards shall be reasonably calculated to maintain the aesthetic integrity of The Properties without making the cost of the aforesaid devices prohibitively

expensive.

Section 18. Trees, Shrubs and Artificial Vegetation. No tree or shrub, the trunk of which exceeds two (2) inches in diameter, may be cut down, destroyed or removed from a Lot or Neighborhood Association common areas/elements without the prior, express written consent of the DRB. No artificial grass, plants or other artificial vegetation, or sculptural landscape décor, shall be placed or maintained upon the exterior portion of any Lot without the aforesaid DRB consent.

Section 19. Irrigation. Irrigation from lakes and other water bodies within The Properties or by wells shall be required unless prohibited by deed restriction, easement or governmental (including drainage or community development district) regulations; provided, however, that (i) no irrigation device shall be visible above or from the surface of the applicable water body, (ii) any party using such irrigation shall be financially and otherwise responsible (and may be specially assessed) for any negative impact on water quality, water level or vegetation control caused by such irrigation use, (iii) if required by the Association or the DRB (or its Neighborhood Association counterpart, if applicable), the applicable irrigation equipment shall contain iron or other filtration devices or components, (iv) all wells shall be equipped with appropriate filters or de-ionization or other features in order to prevent the discoloration of surfaces with which the water comes into contact and (v) all irrigation shall comply with any irrigation plan for Lake Charleston or any appropriate portion thereof.

Section 20. Exterior Lighting. All exterior lighting shall be subject to prior approval by the DRB.

Section 21. Games and Play Structures. On single family Lots, except as

otherwise provided in this Section 21, all play structures including tennis courts, (except basketball posts backboards) shall be located at the rear of the Lot, or on the inside portion of corner Lots within the setback lines. No platform, doghouse, tennis court, playhouse or structure of a similar kind or nature (except basketball backboards) shall be constructed on any part of a Lot located in front of the rear line of any Residential Unit(s) constructed on the Lot, and any such structure must have the prior approval of the DRB. Notwithstanding the foregoing to the contrary, a basketball post and backboard may be erected on any portion of the Lot, containing a Residential Unit, which shall be located so as not to cause a nuisance to adjacent Owners of Lots and shall be subject to the prior approval of the DRB. Portable/movable games and equipment (such as street hockey equipment and skateboard ramps) must be stored out of sight when not in use.

Section 22. Fences and Walls. The composition, location, color and height of any fence or wall to be constructed on any Lot is subject to the approval of the DRB. The DRB shall, among other things, require that the composition of any fence or wall be consistent with the material used in the surrounding buildings and other fences, if any.

Section 23. Mailboxes. No mailbox, paper box or other receptacle of any kind for use in the delivery of mail, newspapers, magazines or similar material shall be erected on any Lot without the approval of the DRB as to style and location. If and when the United States Postal Service or the newspaper or newspapers involved shall indicate a willingness to make delivery to wall receptacles attached to Residential Units, each Owner, on the request of the DRB, shall replace the boxes or receptacles previously employed for such purpose or purposes with wall receptacles attached to dwellings.

Section 24. Utility Connections. Permanent building connections for all utilities installed after the date hereof, including, but not limited to, water, electricity, telephone and television, shall be run underground from the proper connecting points to the building structure in such a manner to be acceptable to the governing utility authority. The foregoing shall not apply, however, to transmission lines, transformers and other equipment installed by public utility companies.

Section 25. Construction Scheduling. No outdoor construction of development activity of any kind (other than minor do-it yourself repairs) will be permitted within the Property on Sundays or legal holidays without the express prior written consent of the Association or the DRB.

Section 26. Off-Street Motor Vehicles. No motorized vehicle may be operated off of paved roadways and drives except as specifically approved in writing by the Association for the purpose of maintenance, construction or similar purposes and except as operated by the Association or its contractors, subcontractors or designees.

Section 27. Storage and Meter Areas. All storage areas of any kind upon any Lot, and all meter and similar areas located upon the Lot, shall be completely screened from view from the exterior of the Lot.

Section 28. Pets and Animals. Notwithstanding Section 8 hereof, the Association shall have the right from time to time to adopt or amend with respect to any neighborhood or area within The Properties restrictions (including those of Section 8), rules and regulations governing the type, number and size of pets or other animals that may be kept within that neighborhood; and rules and regulations governing pets

may vary between areas of the Property to the extent that the Board of Directors deems appropriate.

Section 29. Neighborhood Associations. All of the restrictions, requirements and obligations set forth in this Article shall apply to all Neighborhood Associations the common areas/elements (and all improvements thereto) and their uses of all or any portions of Lake Charleston. Accordingly, as applied to Neighborhood Association, the term Owner as used in this Article shall be deemed to include the Neighborhood Association (even if it does not hold legal title to its common areas/elements), the terms Lot and Unit shall be deemed to include a Neighborhood Association's common areas/elements (and all improvements thereto) and references to activities or practices of Owners shall be deemed to include activities or practices of the Neighborhood Association (regardless of where same occur).

Section 30. Additional Use Restrictions. The Board of Directors of the Association may adopt such additional use restrictions, rules or regulations, applicable to all or any portion or portions of the Property and to waive or modify application of the foregoing use restrictions with respect to any Lots(s) or Unit(s), as the Board, in its sole discretion deems appropriate.

ARTICLE IX

COMPLIANCE AND ENFORCEMENT

Section 1. Compliance by Owners. Every Owner and Neighborhood Association and his/its tenants, guests, invites, officers, employees, contractors, subcontractors and agents shall comply with any and all rules and regulations adopted by the Association as contemplated herein as well as the covenants, conditions and restrictions of this

Declaration.

Section 2. Enforcement. Failure to comply with any of such rules, regulations, covenants or restrictions shall be grounds for immediate action which may include, without limitation, an action to recover sums due for damages, injunctive relief or any combination thereof. The Association shall also have the right to suspend rights to use Common Areas as specified herein.

Section 3. Fines. In addition to all other remedies, and to the maximum extent lawful, in the sole discretion of the Board of Directors of the Association, a fine or fines may be imposed upon an Owner or Neighborhood Association for failure of an Owner, Neighborhood Association or any of the other parties described in Section 1, above, to comply with this Declaration or with any rule or regulation, provided the following procedures are adhered to:

(a) Notice: The Association shall notify the Owner or Neighborhood Association of the infraction or infractions. Included in the notice shall be the date and time of a special meeting of the Board of Directors at which time the Owner or Neighborhood Association shall present reasons why fines should not be imposed. At least six (6) days notice of such meeting shall be given.

(b) Hearing: The non-compliance shall be presented to the Board of Directors after which the Board of Directors shall hear reasons why a fine should not be imposed. A written decision of the Board of Directors shall be submitted to the Owner or Neighborhood Association by not later than twenty-one (21) days after the Board of Directors' meeting. the Owner or Neighborhood Association shall have a right to be represented by counsel and to cross-

examine witnesses. If the impartiality of the Board is questioned by the Owner or Neighborhood Association, the Board shall appoint three (3) impartial Members to a special hearing panel which shall perform the functions described in this paragraph.

(c) Amounts of Fines: The Board of Directors (if its or such panel's findings are made against the Owner or Neighborhood Association) may impose special assessments against the Lot owned by the Owner or Neighborhood Association as follows:

(1) First non-compliance or violation: a fine not in excess of One Hundred Dollars (\$100.00).

(2) Second non-compliance or violation: a fine not in excess of Five Hundred Dollars (\$500.00).

(3) Third and subsequent non-compliance, or violation or violations which are of a continuing nature: a fine not in excess of One Thousand Dollars (\$1,000.00)

(d) Payment of Fines: Fines shall be paid not later than five (5) days after notice of the imposition or assessment of the penalties.

(e) Collection of Fines: As to Owners, fines shall be treated as a special assessment subject to the provisions for the collection of assessments as set forth herein. As to Neighborhood Association, the Association may take any available legal or equitable action necessary to collect fines and, without waiving

the right to do the foregoing, may deduct fines from amounts collected on behalf of Neighborhood Association (the Association being hereby granted a lien on such amounts for such purpose).

(f) Application of Fines: All monies received from fines shall be allocated as directed by the Board of Directors.

(g) Non-exclusive Remedy: These fines shall not be construed to be exclusive, and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; however, any fine paid by the offending Owner or Neighborhood Association shall be deducted from or offset against any damages which the Association may otherwise be entitled to recover bylaw from such Owner or Neighborhood Association.

ARTICLE X

DEVELOPMENT REVIEW; GENERAL POWERS

The following provisions of this Article X are subject to those of Article XI hereof.

Section 1. Members of DRB. The Development Review Board of the Association, which is sometimes referred to in this Declaration as the "DRB", shall initially consist of three (3) Members. The initial members of the DRB shall consist of persons designated by Developer. Each of the initial Members (and their replacements designated by Developer) shall hold office until all Lots and improvements planned for The Properties have been constructed and conveyed (if appropriate), or sooner at the option of Developer. Thereafter, each new Member of the DRB shall be appointed by the Board of Directors of the Association and shall hold office until such time as he has

resigned or has been removed or his successor has been appointed, as provided herein. Members of the DRB may be removed at any time without cause. The Board of Directors shall have the right to change the number of, appoint and remove all Members of the DRB, except those initially appointed by Developer and their replacements.

The Members of the DRB may be compensated for their services as such, in which event such compensation shall be a common expense of the Association. The DRB may, with the approval of the Board of Directors of the Association as to amounts, require the payment of a non-refundable filing fee as a condition to the consideration of any matter presented to it, such fees to be applied to the compensation of the DRB Member and other expenses of the DRB (including, without limitation, overhead, development, review, enforcement and other Association expenses reasonably allocable to the DRB).

In addition to the power and duties set forth herein below, the DRB shall have the right and duty to enforce such development review, architectural control, maintenance and other requirements and restrictions imposed on any portion of Lake Charleston by Developer (by way of specific deed restrictions or contract) as Developer shall, in its sole discretion, if at all, elect to have it enforce (subject at all times to Developer's right to modify or revoke such right and duty). Such election may be made by Developer in the applicable deed restrictions or by way of an exclusive or non-exclusive assignment of Developer's rights to enforce same. Further, Developer may provide for specific criteria and procedures to be used by the DRB in such regard (subject to later modification), absent such provision the DRB to proceed in the manner set forth in this Article. Unless otherwise specifically provided by the Developer in the applicable instrument, the rights and duties of the DRB shall not be delegable to a

Neighborhood Association.

Section 2. Review of Proposed Construction. Subject to Section 9 below, no building, fence, wall or other structure or improvement (including, but not limited to, landscaping, hurricane protection, basketball hoops, birdhouses, other pet houses, asphaltting or other improvements or changes thereto of any kind) shall be commenced, altered, removed, painted, erected or maintained in The Properties, nor shall any addition, removal, change or alteration (including paint or exterior finishing) visible from the exterior of any Unit be made, nor shall any awning, canopy or shutter be attached to or placed upon outside walls or roofs of buildings or other improvements, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to, and approved in writing by, the DRB (after first having been approved by a Neighborhood Association or architectural control committee thereof, if required by the DRB, which requirement may be imposed after the initial submission for approval). The requirements and procedures of this Article shall also apply to interior alterations to Commercial Units when such alterations would have effect upon the use of the exterior portions of the applicable Commercial Lot(s) (including, without limitation, as to the use of parking spaces or facilities). The DRB shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alteration, removal or addition contemplated thereby in the location(s) indicated will not be detrimental to the appearance of Lake Charleston as a whole, and that the appearance of any structure affected thereby will be in harmony with the surrounding structures and is otherwise desirable. If the proposed construction, alteration, removal or addition is to common elements of a condominium, said approval shall also be subject to the prior approval of the applicable condominium association. The DRB may condition its approval of proposals and plans and specifications of additional plans and specifications or other information prior to

approving or disapproving material submitted. The DRB may also issue rules or guidelines setting forth procedures for the submission of plans for approval. The DRB may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors. Until receipt by the DRB of any required plans and specifications, the DRB may postpone review of any plans submitted for approval. DRB may postpone review of any plans submitted for approval. Upon such receipt, the DRB shall have thirty (30) days in which to accept or reject any proposed plans and if the DRB does not reject same within such period, said plans shall be deemed approved. The DRB herein shall be the ultimate deciding body and its decisions shall take precedence over all others.

All changes and alterations shall also be subject to all applicable permit requirements and to all applicable governmental laws, statutes, ordinances, rules, regulations, orders and decrees.

The DRB may require the payment of fees by a party requesting its approval hereunder, such fees to be applied to DEB-related costs, expenses and salaries at the discretion of the DRB.

The provisions of this Article shall apply not only to Lots and Units, but also to common areas/elements of Neighborhood Associations.

Section 3. Meetings of the DRB. The DRB shall meet from time to time as necessary to perform its duties hereunder. The DRB may from time to time, by resolution unanimously adopted in writing, designate a DRB representative (who may, but need not, be one of its Members) to take any action or perform any duties for and

on behalf of the DRB, except the granting of variances pursuant to Section 8 hereof. In the absence of such designation, the vote of any two (2) Members of the DRB shall constitute an act of the DRB.

Section 4. No Waiver of Future Approvals. The approval of the DRB of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the DRB, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters whatever subsequently or additionally submitted for approval or consent.

Section 5. Compensation of Members. The Members of the DRB shall be entitled to receive compensation for services rendered and reimbursement for expenses incurred by them in the performance of their duties hereunder.

Section 6. Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

(a) Upon the completion of any work for which approved plans are required under this Article, the applicant (who may be an Owner or an appropriate Neighborhood Association) for such approval (the "Applicant") shall give written notice of completion to the DRB.

(b) Within sixty (60) days thereafter, the DRB or its duly authorized representative may inspect such improvement. If the DRB finds that such work as not effected in substantial compliance with the approved plans, it shall notify the Applicant in writing of such noncompliance within such sixty (60) day period,

specifying the particulars of noncompliance, and shall require the Applicant to remedy the same.

(c) If, upon the expiration of thirty (30) days from the date of such notification, the Applicant shall have failed to remedy such noncompliance, the DRB shall notify the Board in writing of such failure. The Board shall then determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Applicant shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If the Applicant does not comply with the Board ruling within such period, the Board, at its option, may either remove the noncomplying improvement or remedy the noncompliance, and the Applicant shall reimburse the Association, upon demand, for all expenses incurred in connection therewith, plus an administrative charge to be determined by the Association (to cover the Association's administrative expenses in connection with the foregoing and to discourage the Applicant from failing so to comply). If such expenses are not promptly repaid by the Applicant to the Association, the Board shall levy a special assessment against such Applicant and his property for reimbursement. In the event said Applicant is a Neighborhood Association, the aforementioned special assessment shall be levied against all Units or Lots in the Neighborhood Association in proportion to their respective share of the common expenses of said Neighborhood Association.

(d) If for any reason the DRB fails to notify the Applicant of any noncompliance within sixty (60) days after receipt of said written notice of completion from the Applicant, the improvement shall be deemed to have been

made in accordance with said approved plans.

Section 7. Non-Liability of DRB Members. Neither the DRB nor any Member thereof, nor its duly authorized representative, shall be liable to the Association, any Neighborhood Association, or to any Owner or any other person or entity for any loss, damage or injury arising out of or in any way connected with the performance or non-performance of the DRB's duties hereunder. The DRB shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition solely on the basis of aesthetic considerations and the benefit or detriment which would result to the immediate vicinity and to Lake Charleston. The DRB shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and/or some of the procedures set forth therein and, without limiting the generality of Article I, Section 11 hereof, may alter the procedures set forth herein as to any such designee.

Section 8. Neighborhood Associations. Notwithstanding any exercise of any development review/architectural control functions as to Lots and Units by a Neighborhood Association pursuant to a delegation made by the Association, the DRB shall exercise, and every Neighborhood Association shall be bound by, the provisions, requirements and procedures of this Article, which shall at all times apply to all Neighborhood Association and their common areas/elements.

Section 9. General Powers of the Association. The Association (and the DRB, as appropriate) shall have the absolute power to veto any action taken or contemplated to be taken, and the Association shall have the absolute power to require specific action to be taken, by any Neighborhood Association in connection with applicable sections of Lake Charleston. Without limiting the generality of the foregoing, the

Association (and the DRB, as appropriate) may veto any decision of any Neighborhood Association (or development review Board or other committee thereof), and the Association may require specific maintenance or repairs or aesthetic changes to be effected, require that a proposed budget include certain items and that expenditures be made therefore, veto or cancel any contract providing for maintenance, repair or replacement of the property governed by such Neighborhood Association and otherwise require or veto any other action as the Association deems appropriate from time to time.

For this purpose, any proposed action not made in the ordinary day-to-day operations of the Neighborhood Association and not consistent with Association or DRB approved practices must first be brought to the attention of the Association by written notice and no such action shall be effected until approved by the Association or the DRB, as appropriate, in writing, but if not so approved, such proposed action shall not be effected. Any action required by the Association in a written notice to be taken by a Neighborhood Association shall be taken within the time frame set by the Association in such written notice. If the Neighborhood Association fails to comply with the requirements set forth in such written notice, the Association shall have the right to effect such action on behalf of the Neighborhood Association and shall assess the Lots and Units governed by the Neighborhood Association for their pro-rata share of any expenses incurred by the Association in connection therewith, together with an administrative charge to be determined by the Association under the circumstances (to cover the Association's administrative expenses in connection with the foregoing and to discourage the Neighborhood Association from failing to obey the requirements of the Association). Such assessments may be collected as special assessments hereunder and shall be subject to all lien rights provided for herein.

This Section shall be subject at all times to the provisions of Article XII, Section 13 of this Declaration.

Section 10. Exemptions. Developer and its affiliates and persons or entities designated as a "Lake Charleston Developer" by Developer shall be exempt from the provisions hereof with respect to improvements, alterations and additions and removals desired to be effected by any of them and shall not be obligated to obtain DRB approval for any construction or changes which any of them may elect to make at any time and from time to time. It is specifically contemplated that the Developer may, from time to time and at any time, designate builders, owners and others as being Lake Charleston Developers and/or designating builders, owners and other as being exempt from all or some of the provisions of this Article and all or some of the procedures set forth herein and, without limiting the generality of Article I, Section 11, hereof, may alter the procedures set forth herein as to any such designee.

Section 11. Commencement and Completion of Improvements. Any Improvement, alteration, addition or removal approved by the DRB shall be commenced within 120 days after the DRB approval, which shall be completed within 120 days after commencement. The commencement date may not be extended, however, the completion date may be extended by the DRB provided that the Owner prior to the expiration of the 120 day period requests an extension in writing and only provided that the DRB finds good cause to permit an extension for completion.

ARTICLE XI

ASSOCIATION, NEIGHBORHOOD ASSOCIATION AND DEVELOPER

Section 1. Preamble. When land is brought under the provisions of this Declaration, as provided for herein, Developer will either designate it as a neighborhood, or determine that such land will not be a neighborhood. If Developer

designates land as a neighborhood, the Owner of such Land shall form a Neighborhood Association by creating an non-profit corporation and recording Declaration of Covenants in the Public Records of Palm Beach County, Florida, which shall be in substantially the same form and consistent with this Declaration. The Declaration and Articles shall require the approval of Developer prior recordation and filing.

In order to ensure the orderly development, operation and maintenance of Lake Charleston and the properties which are subject to the administration of the Neighborhood Associations, if any, as integrated parts of Lake Charleston, this Article has been promulgated for the purposes of (1) giving the Association certain powers to effectuate such goal, (2) providing for intended (but not guaranteed) economies of scale and (3) establishing the framework of the mechanism through which the foregoing may be accomplished.

Section 2. Cumulative Effect; Conflict. The covenants, restrictions and provisions of this Declaration shall be cumulative with those of the Declarations for the Neighborhood Association; provided, however, that in the event of conflict between or among any such covenants, restrictions and provisions, or any Articles of Incorporation, By-Laws, rules and regulations, policies or practices adopted or carried out pursuant thereto, those of the Neighborhood Associations shall be subject and subordinate to this Declaration. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Association, and the Neighborhood Associations (as provided in Article VI, Section 7 hereof).

Section 3. Development Review, Maintenance and Use Restrictions. The Association (through the DRB) shall exercise the sole architectural control/development review functions reserved in Section 8 hereof. Further, the DRB shall carry out the functions provided for in Article X hereof, notwithstanding the fact that a Neighborhood Association does likewise within it jurisdiction; provide, however, that in such case (i) any submission to the DRB shall be accompanied by the approval of the subject matter

thereof by the applicable Neighborhood and/or Village Association (so that the DRB shall not consider any submission prior to its approval by all lower applicable Associations which have a right of such approval), (ii) the review period of such a submission shall be shortened to twenty (20) days and (iii) a disapproval of the DRB shall supersede and control over an approval of a lower Association. The Association (through the DRB) shall also have such development review rights applicable deed restrictions, contracts or other instruments, which rights and powers shall be exclusive unless otherwise provided in the applicable assignment.

Each of the Association and Neighborhood Associations shall have the power to enforce their own respective use restrictions, provided that in the event of conflict, the more stringent restrictions shall control and provided further that if a Village or Neighborhood Association fails to enforce its respective restrictions, the Association shall have the absolute right to do so and to allocate the cost thereof to the applicable Association.

Section 4. Collection of Assessments. The Association shall, initially, act as collection agent for all Neighborhood Associations as to all assessments payable to each of same by the Members thereof. The Association will remit the assessments so collected to the respective payees pursuant to such procedures as may be adopted by the Association through its Board of Directors.

In the event that the assessments payable to the Association, and a Neighborhood Association are received in a lump sum and such sum is less than sufficient to pay all three entities, the amount collected shall be applied first to the assessments of the Association, then to those of the Neighborhood Association (each entity to be paid in full before the next-listed one is paid). All capital improvement assessments, special assessments, fines, interest, late charges, recovered costs of collection and other extraordinary impositions shall be remitted to the respective entity imposing same separate and apart from the priorities established above.

All Neighborhood Associations shall notify the Association, by written notice given at least thirty (30) days in advance, or any changes in the amounts of the assessments due them or the frequency at which they are to be collected. Further, all Neighborhood Associations shall provide to the Association a roster of the Members of the Neighborhood Association and shall update same as often as necessary. The aforesaid notice period shall also apply to capital improvement assessments, but may be as short as five (5) days before the next-due regular assessment installment in the case of special assessments, fines and similar impositions on fewer than all Members of the Neighborhood Association.

The Association shall have the power, but shall not be required, to record liens or taken any other actions with regard to delinquencies in assessments payable to the Neighborhood Association in accordance with the applicable provisions of the declaration or similar instrument giving rise to such assessments, but all costs and expenses of exercising such rights shall nevertheless be paid by the applicable Neighborhood Association (which shall be entitled to receive payment of any such costs and expenses which are ultimately recovered).

The Association may change, from time to time by sixty (60) days prior written notice to a Neighborhood Association, the procedures set forth in this Section 4 in whole or in part. Such change may include, without limitation, the delegation by the Association of all or some of the collection or enforcement functions provided for herein to a Neighborhood Association(s) (to which delegation the Neighborhood Association(s) and their Members shall be deemed to have automatically agreed).

All fidelity bonds and insurance maintained by the Association shall reflect any duties to be performed by it pursuant hereto and the amounts to be received and disbursed by it pursuant to such delegation and shall name all applicable Neighborhood Association(s) as obliges/insured parties for so long as their assessments are being collected and remitted by the Association.

The Association may delegate any duties delegated to it pursuant hereto to a management company.

In the event of any change in assessment collection procedures elected to be made by the Association, the relative priorities of assessment remittances and liens (i.e., the Association first and the Neighborhood Associations) shall nevertheless still remain in effect, as shall the Association the ability to modify or revoke its election from time to time.

Section 5. Delegation of Other Duties. The Association shall have the right to delegate to a Neighborhood Association(s) on an exclusive or non-exclusive basis, such additional duties not specifically described in this Article as the Association shall deem appropriate. Such delegation shall be made by written notice to the Neighborhood Association, which shall be, effective no earlier than thirty (30) days from the date it is given. Any delegation made pursuant hereto may be modified or revoked by the Association at any time.

Section 6. Acceptance of Delegated Duties. Whenever the Association delegates any duty to a Neighborhood Association pursuant to Sections 3, 4 or 5 hereunder, the Neighborhood Association shall be deemed to have automatically accepted same and to have agreed to indemnify, defend and hold harmless the Association for all liabilities, losses, damages and expenses (including attorneys' fees actually incurred and court costs, through all appellate levels) arising from or connected with the Neighborhood Association's performance, non-performance or negligent performance thereof.

Section 7. Expense Allocations. The Association may, by written notice given to the affected Neighborhood Association at least thirty (30) days prior to the end of the Neighborhood Association's fiscal year, or by written notice given to a specified group of Owners not part of a Neighborhood Association ("Unassociated Owners") at least thirty (30) days prior to the end of the Association's fiscal year, allocate and

assess to the Neighborhood Association or Unassociated Owners, as the case may be, a share of the expenses incurred by the Association which are reasonably allocable to the Neighborhood Association or the Property (Lot/Units and/or Common Areas) under its jurisdiction, or which are reasonably allocable to the Unassociated Owners, as the case may be, whereupon such expenses shall thereafter be deemed common expenses payable by assessments of the Lot/Owners of such Neighborhood Association or by assessments of the Lots of the Unassociated Owners, as provided in Article VI, Section 1 and 3 of this Declaration. By way of example only, the Association could so allocate the share or the costs of maintaining security or patrol services or street lighting or other facilities for Lake Charleston attributable to a specific Neighborhood Association (or the property within its jurisdiction) or a specific group of Unassociated Owners, (based, for instance, on the number of Lots or linear feet of roadway adjacent to the applicable property) whereupon such allocated share would become a common expense of each of the Unassociated Owners or the Members of the Neighborhood Association in a sum payable by the Neighborhood Association.

In the event of the failure of a Neighborhood Association to budget or assess its Members for, or to pay, expenses allocated to it by the Association, the Association shall be entitled to pursue all available remedies afforded same under this Declaration and the declaration for the Neighborhood Association, withhold such assessments from amounts collected on behalf of the Neighborhood Association (a lien on such amounts being hereby granted the Association for such purpose), or specially assess all Owners/Lots belonging to the Neighborhood Association for the sums due. The exercise of one of the foregoing remedies shall not be deemed a waiver of the right to exercise any other.

It is contemplated that, initially, the Association will allocate expenses in the foregoing manner for community-wide patrol services, maintenance of Landscaping and Pedestrian Areas and landscaping along or within public road rights-of-way, and

assessment collection costs.

In addition to that provided for in this Section 7, the Association may allocate and assess to one or more Neighborhood Associations a special assessment as referenced under Article VI, Section 4 of this Declaration, due and payable by the Neighborhood Association for the Lots/Units and/or Common Areas under the jurisdiction of the Neighborhood Association when due and as stated in the notice from the Association.

Section 8. Certain Reserved Functions of the Association. Notwithstanding anything to the contrary contained in this Declaration or in the declaration or similar instrument for any Neighborhood Association the following powers, rights and duties (and all remedies necessary or convenient to exercise or enforce same) are hereby reserved to the Association and/or DRB, as appropriate (unless subsequently waived or delegated in a written instrument expressly intended to have such effect):

(a) all restrictions, requirements, duties and procedures set forth in Article VII, VIII and X of this Declaration as same apply to Neighborhood Associations and their common areas/elements and activities within Lake Charleston;

(b) the provisions of Article VIII, Sections 3, 6, 11, 13, 19, 20, 22, 25, 26 and 289 as to Owners and their Lots, Units and activities within The Properties (particularly, but without limitation, as to activities within the Common Areas); and

(c) any and all provisions of this Declaration as to Owners and their Lots, Units and activities to the extent that a Neighborhood Association is initially responsible therefore but has failed to perform such responsibility.

As used in this Section, the term Owner shall include any family Member, guest, tenant, agent, invitee, licensee, contractor or subcontractor of an Owner. Any action taken by the Association or the DRB pursuant to this Section shall not alert, waive or impair the Association's or DRB's right to compel a Neighborhood Association to take any action required of it in the same or different instances. Further, in the event that a Neighborhood Association fails to take any action required of it hereunder, under its own declaration or pursuant to a delegation made pursuant to this Article, the Association shall have the additional, non-exclusive remedy of imposing a reasonable fine on such Neighborhood Association if such failure continues for more than fifteen (15) days after notice is given by the Association.

ARTICLE XII

GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with and bind The Properties, and shall insure to the benefit of and be enforceable by the Developer, the Association, any Neighborhood Association, the Owner of any land subject to this Declaration and the DRB, and their respective legal representatives, heirs, successors and assigns, for a term of ninety-nine (99) years from the date of this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years each unless an instrument signed by the then Owners of 75%, and the mortgagees of 100%, of the Lots agreeing to revoke said covenants has been recorded and Developer has given its prior written consent thereto. No such agreement to revoke shall be effective unless made and recorded three (3) years in advance of the effective date of such agreement and unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any action taken.

Section 2. Notice. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent

when personally delivered or mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing. It shall be the duty of each Neighborhood Association to keep the Association advised of the names and addresses of the Neighborhood Association's Members and any charges therein.

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be accomplished by means of a proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to restrain violation or to recover damages, and against the land to enforce any lien created by these covenants; and failure of the Association, the Developer, the DRB, any Neighborhood Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 4. Severability. Invalidation of any one of these covenants or restrictions or any part, clause or word hereof, or the application thereof in specific circumstances, by judgment or court order shall not affect any other provisions or applications in other circumstances, all of which shall remain in full force and effect.

Section 5. Amendment. This Declaration may be amended, changed or added to at any time and from time to time by not less than 66-2/3% of those voting interests of the membership of the Association which are present and voting in person and by proxy at a Members meeting.

Section 6. Conflict. This Declaration shall take precedence over conflicting provisions in the Articles of Incorporation and By-Laws of the Association and the Articles shall take precedence over the By-Laws.

Section 7. Effective Date. This Declaration shall become effective upon its

recordation in the Palm Beach County Public Records.

Section 8. Standards for Consent, Approval, Completion, Other Action and Interpretation. Whenever this Declaration shall require the consent, substantial completion, or other action by the Developer or its affiliates, the Association or the Development Review Board, such consent, approval or action may be withheld held in the sole and unfettered discretion of the party requested to give such consent or approval or take such action, and all matters required to be completed or substantially completed by the Developer or its affiliates, the Association or the DRB shall be deemed so completed or substantially completed when such matters have been completed or substantially completed in the reasonable opinion of the Developer, Association, DRB, as appropriate. This Declaration shall be interpreted by the Board of Directors and an opinion of counsel of the Association rendered in good faith that a particular interpretation is not unreasonable shall establish the validity of such interpretation.

Section 9. Easements. Should the intended creation of any easement provided for in this Declaration fail by reason of the fact that at the time of creation there may be no grantee in being having the capacity to take and hold such easement, then any such grant of easement deemed not to be so created shall nevertheless be considered as having been granted directly to the Association as agent for such intended grantees for the purpose of allowing the original party or parties to whom the easements were originally to have been granted the benefit of such easement and the Owners designate hereby the Developer and the Association (or either of them) as their lawful attorney-in-fact to execute any instrument on such Owners' behalf as may hereafter be required or deemed necessary for the purpose of later creating such easement as it was intended to have been created herein. Formal language of grant reservation with

respect to such easements, as appropriate, is hereby incorporated in the easement provisions hereof to the extent not so recited in some or all of such provisions.

Section 10. CPI. Whenever specific dollar mounts are mentioned in this Declaration (or in the Articles or By-Laws or rules and regulations), unless limited by law, such amounts will be increased from time to time by application of a nationally recognized consumer price index chosen by the Board, using the date this Declaration is recorded as the base year. In the event no such consumer price index is available, the Board shall choose a reasonable alternative to compute such increases.

Section 11. Blasting and Other Activities. ALL OWNERS, OCCUPANTS AND USERS OF THE PROPERTIES ARE HEREBY PLACED ON NOTICE THAT Developer AND/OR ITS AGENTS, CONTRACTORS, SUBCONTRACTORS, LICENSEES AND OTHER DESIGNEES MAY BE, FROM TIME TO TIME, CONDUCTING BLASTING, EXCAVATION, CONSTRUCTION AND OTHER ACTIVITIES WITHIN OR IN PROXIMITY TO LAKE CHARLESTON. BY THE ACCEPTANCE OF THEIR DEED OR OTHER CONVEYANCE OR MORTGAGE, LEASEHOLD, LICENSE OR OTHER INTEREST, AND BY USING ANY PORTION OF THE PROPERTIES, EACH SUCH OWNER, OCCUPANT AND USER AUTOMATICALLY ACKNOWLEDGES, STIPULATES AND AGREES (i) THAT NONE OF THE AFORESAID ACTIVITIES, HEREUNDER OR AT LAW GENERALLY, (ii) TO ENTER UPON, OR ALLOW THEIR CHILDREN OR OTHER PERSONS UNDER THEIR CONTROL OR DIRECTION TO ENTER UPON (REGARDLESS OF WHETHER SUCH ENTRY IS A TRESPASS OR OTHERWISE) ANY PROPERTY WITHIN OR IN PROXIMITY TO LAKE CHARLESTON WHERE SUCH ACTIVITY IS BEING CONDUCTED (EVEN IF NOT BEING ACTIVELY CONDUCTED AT THE TIME OF ENTRY, SUCH AS AT NIGHT OR OTHERWISE DURING NON-WORKING HOURS), (iii) DEVELOPER AND THE OTHER AFORESAID RELATED PARTIES SHALL NOT BE LIABLE BUT, RATHER, SHALL BE HELD HARMLESS, FOR ANY AND ALL LOSSES, DAMAGES (COMPENSATORY,

CONSEQUENTIAL, PUNITIVE OR OTHERWISE), INJURIES OR DEATHS ARISING FROM OR RELATING TO THE AFORESAID ACTIVITIES, (iv) ANY PURCHASE OR USE OF ANY PORTION OF LAKE CHARLESTON HAS BEEN AND WILL BE MADE WITH FULL KNOWLEDGE OF THE FOREGOING AND (v) THIS ACKNOWLEDGMENT AND AGREEMENT IS A MATERIAL INDUCEMENT TO Developer TO SELL, CONVEY, LEASE AND/OR ALLOW THE USE OF THE APPLICABLE PORTION OF LAKE CHARLESTON.

Section 12. Covenants Running with the Land. ANYTHING TO THE CONTRARY HEREIN NOTWITHSTANDING AND WITHOUT LIMITING THE GENERALITY (AND SUBJECT TO THE LIMITATIONS) OF SECTION 1 HEREOF, IT IS THE INTENTION OF ALL PARTIES AFFECTED HEREBY (AND THEIR RESPECTIVE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS) THAT THESE COVENANTS AND RESTRICTIONS SHALL RUN WITH THE LAND AND WITH TITLE TO THE PROPERTIES. WITHOUT LIMITING THE GENERALITY OF SECTION 4 HEREOF, IF ANY PROVISION OR APPLICATION OF THIS Declaration WOULD PREVENT THIS Declaration FROM RUNNING WITH THE LAND AS AFORESAID, SUCH PROVISION AND/OR APPLICATION SHALL BE JUDICIALLY MODIFIED, IF AT ALL POSSIBLE, TO COME AS CLOSE AS POSSIBLE TO THE INTENT OF SUCH PROVISION OR APPLICATION AND THEN BE ENFORCED IN A MANNER WHICH WILL ALLOW THESE COVENANTS AND RESTRICTION TO SO RUN WITH THE LAND; BUT IF SUCH PROVISION AND/OR APPLICATION CANNOT BE SO MODIFIED, SUCH PROVISION AND/OR APPLICATION SHALL BE UNENFORCEABLE AND CONSIDERED NULL AND VOID IN ORDER THAT THE PARAMOUNT GOAL OF THE PARTIES AFFECTED HEREBY (THAT THESE COVENANTS AND RESTRICTIONS RUN WITH THE LAND AS AFORESAID) BE ACHIEVED.

Section 13. Limitation on Association. Anything in this Declaration to the

contrary notwithstanding, the existence or exercise of any easement, right, power, authority, privilege or duty of the Association as same pertains to any condominium located within Lake Charleston which would cause the Association to be subject to Chapter 718, Florida Statutes, shall be null, void and of no effect to the extent, but only to the extent, that such existence or exercise is finally determined to subject the Association to said Chapter 718. It is the intent of this provision that the Association not be deemed to be a condominium association, nor the Common Areas be deemed to be common elements of any such condominium, within the meaning of applicable laws or administrative rules for any purpose.

Section 14. Notices and Disclaimers as to Water Bodies. NEITHER DEVELOPER, THE ASSOCIATION, NOR NEIGHBORHOOD ASSOCIATION NOR ANY OF THEIR OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES, MANAGEMENT AGENTS, CONTRACTORS OR SUB-CONTRACTORS (COLLECTIVELY, THE "LISTED PARTIES") SHALL BE LIABLE OR RESPONSIBLE FOR MAINTAINING OR ASSURING THE WATER QUALITY OR LEVEL IN ANY LAKE, POND, CANAL, CREEK, STREAM OR OTHER WATER BODY WITHIN LAKE CHARLESTON, EXCEPT (i) AS SUCH RESPONSIBILITY MAY BE SPECIFICALLY IMPOSED BY, OR CONTRACTED FRO WITH, AN APPLICABLE GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY OR AUTHORITY OR (ii) TO THE EXTENT THAT ARTICLE VIII, SECTIONS 13 AND 19 HEREOF WOULD OTHERWISE APPLY, IF AT ALL. FURTHER, ALL OWNERS AND USERS OF ANY PORTION OF LAKE CHARLESTON LOCATED ADJACENT TO OR HAVING A VIEW OF ANY OF THE AFORESAID WATER BODIES SHALL BE DEEMED, BY VIRTUE OF THEIR ACCEPTANCE OF THE DEED TO OR USE OF, SUCH PROPERTY, TO HAVE AGREED TO HOLD HARMLESS THE LISTED PARTIES FOR ANY AND ALL CHANGES IN THE QUALITY AND LEVEL OF WATER IN SUCH BODIES.

ALL PERSONS ARE HEREBY NOTIFIED THAT FROM TIME TO TIME

ALLIGATORS AND OTHER WILDLIFE MAY HABITAT OR ENTER INTO WATER BODIES WITHIN LAKE CHARLESTON 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.

15. Water Management System. A MASTER DRAINAGE SYSTEM HAS BEEN DESIGNED AND EXISTS TO SERVE LAKE CHARLESTON. THE MASTER DRAINAGE SYSTEM WILL CONSIST OF A SERIES OF LAKES AND WATERBODIES, LOCATED WITHIN LAKE CHARLESTON. THE ASSOCIATION WILL NOT OWN THE WATER MANAGEMENT SYSTEM, BUT WILL BE RESPONSIBLE FOR MAINTAINING THE WATER MANAGEMENT SYSTEM PURSUANT TO ALL REGULATORY AUTHORITY HAVING JURISDICTION AND THIS DECLARATION AND THE COST OF SAID MAINTENANCE SHALL BE PAID FOR BY PRO RATA ASSESSMENTS OF THE LOT OWNERS OF LAKE CHARLESTON.

BY THE ACCEPTANCE OF THEIR DEED OR OTHER CONVEYANCE OR MORTGAGE, LEASEHOLD, LICENSE OR OTHER INTEREST, AND BY USING ANY PORTION OF THE PROPERTIES, EACH OWNER, OCCUPANT AND USER AUTOMATICALLY GRANTS AN EASEMENT TO THE ASSOCIATION AND ITS ASSIGNS OVER THE LAKES AND WATERBODIES ADJACENT TO THEIR LOT AND OVER THEIR LOT, SAID EASEMENT BEING FOR THE PURPOSE OF MAINTENANCE OF SUCH LAKES OR WATERBODIES.

BY THE ACCEPTANCE OF THEIR DEED OR OTHER CONVEYANCE OR MORTGAGE, LEASEHOLD, LICENSE OR OTHER INTEREST, AND BY USING A PORTION OF THE PROPERTIES, EACH OWNER, OCCUPANT AND USER AUTOMATICALLY ACKNOWLEDGES, STIPULATES AND AGREES THAT HE SHALL NOT ENLARGE OR OTHERWISE MODIFY ANY LAKE OR WATERBODY ADJACENT TO HIS LOT WITHOUT OBTAINING THE WRITTEN PERMISSION OF THE ASSOCIATION, THE DEVELOPER, AND WITHOUT HAVING FIRST OBTAINED ALL REQUIRED PERMITS OR APPROVALS FROM ALL GOVERNMENTAL BODIES OR AGENCIES THEREOF HAVING JURISDICTION OVER SUCH LAKES OR WATERBODIES.

*17. Use of Lake Charleston Name. All parties owning or otherwise making

any use of any portion of Lake Charleston shall be deemed, by virtue of accepting such ownership or making such use, to have covenanted and agreed that (i) "LAKE CHARLESTON" is a registered trademark of R-L PARTNERS, (ii) except as provided below, no usage of that mark or name will be made in naming or referring to any business or activity within or outside of Lake Charleston or in describing or referring to the location of any business or enterprise conducted within or outside of Lake Charleston and (iii) generally, no usage of that mark or name will be made whatsoever without the express prior written approval of R-L PARTNERS.

*There is no Section 16.

**18. HUD/VA Approval. So long as there is a Class B membership, the (a) annexation of additional properties; (b) the dedication of common area by the Association; and (c) the amendment of this Declaration, shall require the approval of HUD/VA.

**Section 18. Alterations and Improvements by the Association. The Association shall have the right to make or cause to be made alterations or improvements to the Common Area which are approved by the Board of Directors. However, if the cost of alterations or improvements shall exceed five (5%) percent of the annual budget with reserves, cumulatively in a budget year, then the alteration or improvement may not be made unless approved by a majority of the voting interests of those Members present and voting in person and by proxy at a Members meeting. In the event that the cost of an alteration or improvement is allocated to one or more Neighborhood Association, then the five (5%) percent figure shall be multiplied by the Neighborhood Association(s)' share of the annual budget with reserves in order to determine whether the vote of the Voting Members is required, then the vote required is

a majority of the voting interests of these Members present and voting in person and by proxy at a Members meeting from the applicable Neighborhood Association(s) only, with a quorum for the meeting to be the percentage quorum required by the By-Laws of the Members in the Neighborhood Association only.

(a)Proviso. Notwithstanding the foregoing to the contrary, in the event any alteration or improvement is also necessary or beneficial in the maintenance, repair, replacement or protection of the Common Area or the owners or occupants, then such alteration or improvement shall not require the approval of the Voting Members.”

** Two amendments added a section 18, yet no amendment added a section 16.

ARTICLE XIII

INSURANCE

Section 1. Coverage. The Association shall maintain insurance covering the following:

(a) Casualty. All improvements located on the Common Areas from time to time, together with all fixtures, building service equipment, personal property and supplies constituting the Common Areas or owned by the Association (collectively, the “Insured Property”), which shall be insured in an amount not less than one hundred percent (100%) of the full insurable replacement value thereof, excluding foundation and excavation costs. Such policies may contain reasonable deductible provisions as determined by the Board of Directors of the Association. Such coverage shall afford protection against (i) loss or damage by

fire and other hazards covered by a standard extended coverage endorsement; and (ii) such other risks as from time are customarily recovered with respect to buildings and improvements similar to the Insured Property in construction, location and use, including, but not limited to, vandalism, malicious mischief and those covered by the standard “all risk” endorsement.

All appropriate policies of casualty insurance obtained by the Association shall have with them the following endorsements: (i) agreed amount and inflation guard, when obtainable, (ii) construction code, if applicable, and (iii) steam boiler coverage, if applicable.

(b) Liability. Comprehensive general public liability and automobile liability insurance covering injury, loss or damage resulting from accidents or occurrence on or about or in connection with the Insured Property or adjoining driveways and walkways, or any work, matters or things related to the Insured Property (including, but not limited to, liability arising from law suits related to employment contracts to which the Association is a party), with such additional coverage as shall be required by the Board of Directors of the Association, but with combined single limit liability of not less than \$1,000,000 for bodily injury and property damage for each accident or occurrence with a cross liability endorsement to cover liabilities of the Owners as a group to any Owner, and vice versa. The liability insurance shall provide for, among other things, coverage or bodily injury and property damage resulting from the operation, maintenance or use of the Common Areas and any legal liability resulting from employment contracts to which the Association is a party.

(c) Flood Insurance covering the Common Areas shall be maintained by the Association if the Common Areas are in a special flood hazard area or if the Association so elects. The amount of flood insurance shall be the lesser of: (i) 100% of the current replacement cost of the Insured Property; or (ii) the

maximum coverage available for the Insured Property under the National Flood Insurance Program.

(d) Fidelity Insurance or Bonds naming the Association as obligee and covering all persons who handle or are responsible for the Association's funds (regardless of whether they receive compensation) shall be maintained in an amount which is the greater of \$10,000 or the maximum amount of funds that will be in custody of the Association at any time while the insurance or bond(s) is in force. Notwithstanding the foregoing sentence, however, such fidelity insurance or bond shall not be for an amount less than the sum of three (3) month's assessments on all Lots, plus the Association's reserve funds, for each person so insured or bonded. Any management agent of the Association shall also be covered by its own fidelity bond. Except for a bond maintained by a management agent for its own personnel, all bonds shall name the Association as an obligee.

(e) Other Insurance. The Association may also maintain worker's compensation or such other insurance as the Board may determine from time to time.

Section 2. Additional Provisions. All policies of insurance and fidelity bonds shall provide that such policies and bonds may not be canceled or substantially modified without at least twenty (20) days' prior written notice to all of the named insureds, including all Mortgage Lenders.

Section 3. Premiums. Premiums upon insurance policies and fidelity bonds purchased by the Association shall be paid by the Association as a common expense, except that the amount of increase in the premium occasioned by misuse, occupancy or abandonment of any one or more Units or their appurtenances or of the Common Areas by, or any other action or omission of, particular Owners shall be assessed against and paid by such Owners. Premiums may be financed in such manner as the Board of Directors deems appropriate.

ARTICLE XIV

The Lake Charleston community is a community of permanent, long term, residents. In an effort to avoid the transient environment that results when Lots are purchased for investment and leasing, Lots may not be leased until the Owner has held title for a minimum of one (1) year. Following one (1) year of ownership, an Owner may lease his Lot. The foregoing one (1) year time limit shall not apply to Owners who inherit or acquire title to their Lots by intestacy. The date of ownership of a Lot shall be established by the date appearing on the deed or another instrument evidencing owner's title that is recorded in the Public Records of Palm Beach County, Florida. A Lot shall not be leased for a term of less than twelve (12) months and not more than once during any twelve (12) month period. For purposes of determining when the foregoing twelve (12) month period begins, the first day that the lessee term begins shall be the first day of the twelve (12) month period. Only entire Lots may be leased for occupancy for single-families. Owners who desire to lease their Lot shall submit a copy of their lease to the Association with a list of all residents/occupants at least fifteen (15) days prior to the beginning of the lease term.

An individual who is listed on the Florida Department of Law Enforcement's Sexual Predator List or listed on another similar such list is prohibited from occupying a lot or otherwise residing in the Association's community. An individual who has been convicted of a felony that involved violence or the use of a deadly weapon within the ten (10) year period prior to the beginning of the proposed lease term or any other proposed date of occupancy may not occupy a Lot or otherwise reside in the community.

Notwithstanding anything contained herein to the contrary, the Association shall have no obligation to provide any substitute lessee. Tenants, lessees, occupants and their guests, licensees and invitees are prohibited from occupying or residing in a Lot in the Association's community except in compliance with these restrictions.

EXECUTED as of the date first above written.