

ATTACHMENT 1 TO OFFERING CIRCULAR

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DECLARATION OF CONDOMINIUM

OF

ELITE RESORTS AT CITRUS VALLEY, A CONDOMINIUM

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DECLARATION OF CONDOMINIUM

ELITE RESORTS AT CITRUS VALLEY, A CONDOMINIUM

THIS DECLARATION OF CONDOMINIUM is made as of the _____ day of _____, 2008 (the "Declaration") by **CITRUS VALLEY INVESTORS, LLC**, having a mailing address of 14100 North Highway 19, Post Office Box 5489, Salt Springs, Florida 32134 (the "Developer"), for and on behalf of the Developer, its successors, assigns and grantees.

The Developer, being the owner of fee simple title of record (or, upon closings, will be the owner of fee simple title of record) to those certain lands located and situate in Lake County, Florida, being more particularly described in Exhibit "A" attached hereto, does hereby submit only the lands described as Phase I land and improvements (as set forth in Exhibit "A-1") to condominium ownership pursuant to the provisions of Chapter 718 of the Florida Statutes, hereinafter referred to as the "Condominium Act", as amended from time to time.

1. NAME AND DESCRIPTION OF CONDOMINIUM PROPERTY.

The name by which this condominium is to be identified is: **ELITE RESORTS AT CITRUS VALLEY, A CONDOMINIUM** (the "Condominium"). The overall site plan and layout for the Condominium is set forth on Exhibit "A" attached hereto; provided, however, only the real property set forth in Exhibit "A-1" shall be submitted to condominium ownership at the time of recording this Declaration, all as more particularly set forth herein. The Condominium is a land condominium, consisting of recreational Units which are distinct parcels of real property which will be improved with stabilized dirt (to allow the Unit Owner maximum flexibility in determining the type of surface to be utilized for his individual Unit) and underground utilities, intended for use only by a Recreational Vehicle, Recreational Park Trailer, or other authorized residential use vehicle.

1.1. This Condominium shall be developed in phases pursuant to Section 718.403, Florida Statutes, with Phase I consisting of the real property legally described and the units and other improvements as shown on Exhibit "A-1" attached hereto, being submitted to the Condominium form of ownership by this Declaration. The Units in Phase I of this Condominium shall own an equal, undivided interest in the Common Elements and be responsible for an equal share of the Common Expenses. Upon completion of the building in Phase I, a surveyor's certificate will be recorded certifying that all Units and their appurtenant Common Elements are substantially complete.

1.2. The impact, if any, which the completion of the Subsequent Phase (as defined below) would have upon the initial phase would be to increase the number of residents in the general area, decrease the ownership per Unit of the Common Elements and the share of obligations of the Common Expenses and increase the size of Common Elements.

1.3. If Developer determines to construct the remaining phase (the "Subsequent Phase"), it must be completed within seven (7) years of the date of the recording of this Declaration. In no event shall any Subsequent Phase be added or Units constructed seven (7) years after the date of recording of this Declaration. All improvements in the Subsequent Phase must be substantially completed prior to annexation to the Condominium.

1.4. Should the Developer decide, in its sole and absolute discretion, to add the proposed Subsequent Phase to this Condominium pursuant to Section 718.403, Florida Statutes, then any such proposed Subsequent Phase shall consist of the real property legally described and the units in the buildings and other improvements as shown on Exhibit "A-II" attached hereto, subject to the Developer's right to make non-material changes to said legal descriptions as set forth in paragraph

1.5 below. Phase I is described in paragraph 1.5(a) below. The other Phases, if added, will consist of the number of Units as described in paragraph 1.5(b) below.

1.5. The number, minimum, maximum and general size of Units to be included in each phase is as follows:

(a) Phase I, when constructed, will consist of two hundred seventy-seven (277) Units, which Units shall contain a maximum of approximately six thousand five hundred (6,500) square feet and a minimum of approximately two thousand four hundred (2,400) square feet. As this is a land condominium, there will not be minimum and maximum numbers of bedrooms or bathrooms. Phase I shall include no less than two hundred fifty-six (256) Units and no more than three hundred (300) Units.

(b) Phase II, if constructed, will consist of twenty-eight (28) Units, which Units shall contain a maximum of approximately nine thousand five hundred (9,500) square feet and a minimum of approximately two thousand four hundred (2,400) square feet. As this is a land condominium, there will not be minimum and maximum numbers of bedrooms or bathrooms. Phase II shall include no less than twenty-two (22) Units and no more than thirty-four (34) Units. Phase II will also include the Recreational Facilities, which Recreational Facilities the Developer shall convey to the Association simultaneous with the submittal of Phase II to condominium ownership, or such earlier time as determined by Developer in its sole and absolute discretion.

The elevations and layouts of the lots which will comprise the Units, which may be added to the Condominium, may be substantially different from the other Units in the Condominium. The Developer reserves the right to modify the plot plan for Phase II to allow the Developer the flexibility of varying the size of the lots which will comprise the Units of Phase II including, but not limited to, increasing or decreasing the square footage of the Units above or below the range set forth above, and to vary the style, location and size of the Units in the Subsequent Phase. The Developer specifically reserves the right to make non-material changes to the legal description of each Phase.

1.6. Each Unit shall own an equal share in the Common Elements, Common Surpluses and obligation for Common Expenses.

1.7. Each Unit is entitled to certain rights in the Elite Resorts at Citrus Valley Condominium Association, Inc. ("Condominium Association"), all as more specifically set forth in the Articles of Incorporation and Bylaws of the Condominium Association.

1.8. The ownership of the Common Elements attributable to each Unit shall be that Unit's fractional share ownership, as set forth in paragraph 1.6. If any phase or phases are not developed and added as part of this Condominium, said fraction shall remain as provided in paragraph 1.6 for the phases built and submitted to the condominium form of ownership. If one or more phases are not built, the Units which are built are entitled to one hundred percent (100%) of ownership of all the Common Elements within the phases actually developed and added as part of the Condominium.

1.9. The Developer shall notify owners of existing Units any decision not to add one or more additional phases. Notice shall be by first class mail addressed to each owner at the address of the Unit or at their last known address.

1.10. The Developer is not required to convey any additional land or facilities to the Condominium after the completion of First Phase of the Condominium, nor is the Developer obligated to construct the Subsequent Phases. Therefore, notwithstanding anything herein to the contrary, no portion of the Subsequent Phase Land, Additional Property shall (i) be encumbered or in any way affected by

this Declaration, or (ii) be part of the Condominium unless and until such portion of the Subsequent Phase Land, as applicable, is added to the Declaration by recordation of an amendment among the public records of the County, which Amendment is signed by the Developer or conveyed to the Association in a deed designating the land described therein as Association Property, as applicable. The Developer shall have the right, at any time, to develop the Subsequent Phase Land as applicable as a different condominium, with different size units or density of units or with any other type of recreational dwelling unit. There is no guaranty that any adjacent development will be consistent with the design of the First Phase of the Condominium.

1.11. Time share estates shall not be a part of this Condominium.

1.12. During the construction of this Condominium and any Subsequent Phase, the Developer, except for Units which have been conveyed to a Unit Owner, shall have the right to use any portion of the Condominium Property including the Common Elements and Association Property for the construction, marketing and sale of Units.

1.13. Subsequent Phases may be added to this Condominium by the execution of an amendment to this Declaration by the Developer only, and such amendment shall not require the execution or consent of any Unit Owners other than the Developer. Such phases may be added out of sequence. At the time of annexation of the Subsequent Phase, all improvements within the phase shall be substantially complete.

1.14. No Subsequent Phase, other than those described herein, may be added to the existing Condominium without the prior written consent of HUD, VA and FNMA, if applicable. Such consent will not be reasonably withheld if the Subsequent Phase and/or Additional Property to be added substantially conforms to a plan of expansion which has been fully described in this Declaration.

2. DEFINITIONS.

The terms used in this Declaration and in its exhibits, including the Articles of Incorporation and Bylaws of the Condominium Association, shall be defined in accordance with the provisions of the Condominium Act and as follows, unless the context otherwise requires. All other definitions except as set forth herein shall be determined by the definitions set forth in Section 718.103, Florida Statutes as written as of the date of recording of this Declaration.

2.1. Assessment means a share of the funds which are required for the payment of Common Expenses, which from time to time is assessed against the Unit Owner.

2.2. Association Property has the meaning set forth in paragraph 6.3 of this Declaration.

2.3. Committee means a group of Board members, Unit Owners, or Board members and Unit Owners appointed by the Board or a member of the Board to make recommendations to the Board regarding the Condominium Association budget or take action on behalf of the Board.

2.4. Common Elements shall include:

(a) All of those items stated in the Condominium Act at Section 718.108, Florida Statutes.

(b) Tangible personal property deemed proper by the Condominium Association for the maintenance and operation of the Condominium, even though owned by the Condominium Association.

(c) All roadways, bath-houses, conservation areas, retention areas and all other Condominium Property not included in the Units or in the Association Property. The Recreational Facilities will not be a part of the Common Elements initially, but shall be conveyed to the Condominium Association to serve as Common Elements upon submission of Phase II to Condominium (or at such earlier time as determined by Developer in its sole and absolute discretion).

2.5. Common Expenses shall include:

(a) Expenses of administration and management of the Condominium Association and of the Condominium Property and Association Property.

(b) Expenses of maintenance, operation, repair or replacement of the Common Elements, any Limited Common Elements, Association Property and of any portions of Units to be maintained by the Condominium Association, together with all costs related to the Utility Services to the extent not otherwise provided for herein. These expenses shall include the cost of water and sewer to be administered by the Condominium Association, which costs shall be the same for each Unit, regardless of use, unless the Condominium determines to the contrary in its sole and absolute discretion.

(c) The costs of carrying out the powers and duties of the Condominium Association.

(d) Expenses declared Common Expenses by the provisions of this Declaration or by the Bylaws of the Condominium Association or the Condominium Act, or by Florida Statute.

(e) Any valid charge against the Condominium Property as a whole.

(f) Rentals, membership fees, operations, replacements, and other expenses of lands or possessory interests in lands purchased by the Condominium Association pursuant to Sections 718.111 and 718.114, Florida Statutes.

(g) Assessments, if any, charged the Condominium Association or costs incurred by the Condominium Association in the operation, management, maintenance and repair of the stormwater system as permitted by the St. Johns River Water Management District ("District"), including lakes, retention areas, water management areas, ditches, canals, culverts, swales, structures, related appurtenances, drainage structures and drainage easements.

(h) Any fees imposed under the License Agreement (as more specifically defined in paragraph 4.6) to use the Recreational Facilities, which fees the Association shall collect and deliver to the Developer. After conveyance of the Recreational Facilities to the Condominium Association, such costs shall be included as Common Expenses of the Association.

(i) Any fees and costs incurred by Elite Resorts Management, Inc. in connection with the cable television and/or WI-FI services agreement(s) between Elite Resorts Management, Inc. and the service provider(s), if any.

(j) All costs incurred under the Landscape Agreement (as more specifically defined in paragraph 4.12), if any.

2.6. Common Surplus means the excess of all receipts of the Condominium Association collected on behalf of a Condominium (including, but not limited to, assessments, rents, profits, and revenues on account of the Common Elements) over the Common Expenses.

2.7. Condominium has the meaning stated in the Condominium Act. This Condominium is a land condominium consisting of recreational Units which are distinct parcels of real property which will be improved with stabilized dirt and underground utilities, intended for use only by a Recreational Vehicle, Recreational Park Trailer, or other authorized residential use vehicle.

2.8. Condominium Association or Association means ELITE RESORTS AT CITRUS VALLEY CONDOMINIUM ASSOCIATION, INC., a corporation not for profit, and its successors, and as further defined in Section 718.103(2), Florida Statutes.

2.9. Condominium Parcel is a Unit, together with the undivided share in the Common Elements which is appurtenant to the Unit.

2.10. Condominium Property means the lands and personal property that are subjected to Condominium ownership, whether or not contiguous, including the Subsequent Phase Land if and when it is subjected to the terms and conditions of this Declaration, and all improvements thereon and all easements and rights appurtenant thereto intended for use in connection with the Condominium.

2.11. County means Lake County, Florida.

2.12. Developer initially means Citrus Valley Investors, LLC, and its successors and assigns. Developer may assign all or a portion of its rights hereunder or all or a portion of such rights in connection with specific portions of the Condominium. In the event of any partial assignment, the assignee shall not be deemed the Developer, but may exercise such rights of the Developer as are specifically assigned to it. Any such assignment may be made on a non-exclusive basis. The rights of the Developer under this Declaration are independent of the Developer's rights to control the Board of Directors of the Condominium Association, and accordingly, shall not be deemed waived, transferred or assigned to the Unit Owners, the Board or the Condominium Association upon transfer of control of the Condominium Association.

2.13. First Phase of the Condominium and/or Phase I of the Condominium means any portion of the Condominium Property and improvements more fully described in Exhibit "A-I".

2.14. Institutional Mortgagee means a bank, life insurance company, savings and loan association, savings bank, real estate investment trust, and the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration, or Veterans Administration, or any institution under the conservatorship or receivership of the Resolution Trust Corporation or Federal Deposit Insurance Corporation or any such affiliate who shall hold or guaranty mortgage on the Condominium Parcel, including, without limitation, the Developer, if Developer holds a mortgage on a Condominium Parcel.

2.15. Limited Common Elements means and includes those Common Elements which are reserved for the use of a certain Unit or Units to the exclusion of other Units, as specified in paragraph 6.2 of this Declaration, if any. References to Common Elements herein shall mean and refer to Limited Common Elements, unless the context would prohibit it or it is otherwise expressly prohibited.

2.16. Mobile Home means a self contained dwelling unit meeting the definition set forth in Chapter 723, Florida Statutes or the definition of the U.S. Department of Housing and Urban Development. Mobile Homes are prohibited within the Condominium.

2.17. Operation or operation of the Condominium means and includes the administration and management of the Condominium Property.

2.18. Special Assessment means any assessment levied against Unit Owners other than the Assessment required by a budget adopted annually.

2.19. Recreational Facilities shall mean initially the lodge, pool deck, swimming pool, children's pool, children's play area, putting green, horseshoe pits, shuffle-board courts, covered sitting areas and the recreational hall located adjacent to the conservation area; provided, however, Developer shall have the right to add to or remove facilities from the Recreational Facilities from time to time, in Developer's reasonable discretion. The Recreational Facilities shall remain the property of the Developer until such time as Phase II is submitted to condominium ownership (or such earlier time as determined by Developer in its sole and absolute discretion); provided, however, in the event Developer elects to not submit Phase II to the condominium form of ownership, then Developer shall convey the Recreational Facilities to the Association within five (5) years of recording this Declaration. The rights of the Association and the Unit Owners shall be as set forth in the License Agreement, as more specifically set forth in paragraph 4.6 below until such time as the Recreational Facilities are conveyed to the Association as Association Property. All rights with respect to the Recreational Facilities are specifically limited to the Association, those invitees and licensees of Developer and the Unit Owners, their families and invitees of the Unit Owners, not to exceed three (3) invitees per Unit Owner at any one time. All invitees must be accompanied by a Unit Owner to use the Recreational Facilities.

2.20. Recreational Park Trailer means and refers to an RVIA approved family dwelling unit with a minimum size of four hundred (400) square feet containing plumbing facilities, including toilet, bath or shower and kitchen sink, all connectable to sewerage and water facilities and which has had its axle and wheels removed and which is permanently affixed to real property. All Recreational Park Trailers shall be of good quality and condition. In order to maintain the high standards of the Condominium, for so long as Developer owns any Unit(s) in the Condominium Property, Developer shall have the right to restrict those Recreational Park Trailers which do not meet the standards of Developer, in its sole and absolute discretion. After the sale of the last Unit in the Condominium Property, this right shall belong to the Condominium Association.

2.21. Recreational Vehicle shall mean and refer to an RVIA approved unit with a minimum size of one hundred (100) square feet containing plumbing facilities, including toilet, bath or shower and kitchen sink, all connectable to sewerage and water facilities. A Recreational Vehicle shall be a vehicular type unit initially designed as temporary living quarters for recreational, camping, or travel use, and which either has its own mode or power or is mounted on or drawn by another vehicle, including, but not limited to travel trailers, motor homes, and camping trailers. Recreational Vehicles shall NOT, however, include a Mobile Home, Mobile Homes being prohibited within the Condominium. All Recreational Vehicles shall be of good quality and condition, and in no event shall any previously-titled Recreational Vehicle be permitted in the Condominium, without the prior written consent of the Developer (or, after the sale of the last Unit, the Condominium Association), which consent may be withheld in Developer's (or the Condominium Association's, as applicable) sole and absolute discretion.

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

2.23. Subsequent Phase Land means that land or a portion thereof more fully described in Exhibit "A-II" which may be subjected to this Declaration. The Subsequent Phase Land may also be referred to herein as "Phase II." Provided, however, until such time as the Subsequent Phase Land or part

thereof is added to the Declaration by recording an amendment, such Subsequent Phase Land shall be free and clear of the terms hereof.

2.24. Unit means a part of the Condominium Property which is subject to exclusive ownership. The term "Unit" and "Lot" may be used interchangeably to refer to a Unit in the Condominium.

2.25. Unit Owner or Owner of a Unit means the fee simple owner of a Condominium Parcel as shown by the real estate records in the office of the Clerk of the County, whether such Owner be the Developer, one or more persons, firms, associations, corporations or other legal entities. "Owner" shall not mean or refer to the holder of a mortgage or security deed, its successors or assigns, unless and until such holder has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.

2.26. Utility Services shall include but not be limited to electric power, gas, water, telephone, air conditioning, garbage and trash disposal, sewers, WI-FI services and cable television, together with all other public service and convenience facilities. Each Unit Owner shall be responsible for connecting to the electrical and other utility services at its sole cost and expense. Notwithstanding the foregoing, water/sewer service shall be available through the Condominium Association (and collected through assessments as Common Expenses), and Developer, through Elite Resorts Management, Inc. may enter into separate agreements to provide cable television and/or WI-FI services to each Unit. In the event Developer elects to enter into any such agreements, Developer and/or Elite Resorts Management, Inc. shall have the right to have the Condominium Association bill and collect the costs related to the cable television and WI-FI services, as applicable, to each Unit Owner, through assessments as Common Expenses.

2.27. Voting Certificate means a document which designates one of the record title owners, or the corporate, partnership, or entity representative, who is authorized to vote on behalf of a Condominium Unit that is owned by more than one owner or by any entity.

3. EXHIBITS.

Exhibits attached to this Declaration of Condominium shall include the following:

3.1. Exhibit "A" – The survey of land, plot plan and unit plans with all of the land developer intends to submit to Condominium ownership. At the time of the recording of this Declaration, only the Phase I Property, as set forth on Exhibit "A-I" shall be submitted to Condominium.

3.2. Exhibit "A-I" - The legal description of the land described as Phase I and submitted by this Declaration to the condominium form of ownership and a survey of the land showing all existing easements and a graphic description of the improvements in which Units are located and a plot plan thereof which together with the Declaration are in sufficient detail to identify the Common Elements and each Unit and their relative locations and approximate dimensions, and identification of each Unit by number so that no Unit bears the same designation as any other Unit. Upon substantial completion of Phase I, a surveyor's certificate will be attached to Exhibit "A-I".

3.3. Exhibit "A-II" – The legal description for Phase II which may be dedicated by subsequent amendment and identified as Phase II, together with a survey of the land showing all existing easements and a graphic depiction of the improvements in which Units are located and a plot plan thereof, which together with the Declaration, are in sufficient detail to identify the Common Elements and each Unit by number so that no Unit bears the same designation as any other Unit.

3.4. Exhibit "B" - The Articles of Incorporation of the Condominium Association.

3.5. Exhibit "C" - The Bylaws of the Condominium Association.

4. EASEMENTS AND RESERVATIONS.

Easements are expressly provided for and reserved in favor of the Unit Owners, their lessees, their guests and invitees, the Condominium Association and their successors and assigns, as follows:

4.1. Encroachments. In the event that any Unit shall encroach upon any of the Common Elements or upon any other Unit for any reason other than the intentional or negligent act of the Unit Owner, or in the event any Common Element shall encroach upon any Unit, then an easement shall exist to the extent of such an encroachment so long as the same shall exist.

4.2. Utilities. Easements are reserved through the Condominium Property as may be required for utility service (including but not limited to cable TV and all other telecommunications systems, wiring, conduit, etc.) in order to serve the specific Condominium Property and Condominium Parcel, however, such easements shall be only in accordance with the plans and specifications for the building and improvements, or as the building or improvements are actually constructed, unless approved in writing by the Board of Directors and the affected Unit Owners. Further, it is understood and acknowledged that other properties adjacent to the Condominium may connect to the utility systems within the Condominium. Water and sewer services shall be provided to each Unit through the Condominium Association, and the charges related to same shall be Common Expenses. Developer, through Elite Resorts Management, Inc. ("Elite") may coordinate and establish separate bulk cable television and WI-FI services agreements with the applicable providers of Elite's choice, and Elite shall have the right to assess a fee, which may be collected through the assessments collected by the Condominium Association at Elite's option. In the event Developer, through Elite, elects to enter into a cable television and/or WI-FI services agreement, no Unit Owner may avoid or escape liability for any portion of such assessments by an election not to utilize cable television or WI-FI service. All other Utility Services (except water/sewer and cable television and WI-FI services, should Developer elect to enter into bulk agreements as set forth herein) shall be available to the corner of each Unit and each Unit Owner shall be responsible for all other hook-up and use obligations with respect to same.

4.3. Traffic. A non-exclusive easement shall exist for pedestrian traffic over, through and across sidewalks, paths, walks, and other portions of the Common Elements and Association Property as may be from time to time intended and designated for such purpose and use; and such easement shall be for the use and benefit of the Unit Owners of the Condominium Property, and those claiming by, through or under the aforesaid Unit Owners; provided, however, nothing herein shall be construed to give or create in any person the right to park upon any portion of the Condominium Property except to the extent that space may be specifically designated for parking purposes.

4.4. Easements and Reservations for Developer and Condominium Association for Ingress, Egress and Utilities. There is reserved in the Developer and the Condominium Association, their successors and assigns, the right to create utility easements and to install utilities and to use same over and across the land declared to condominium ownership hereunder for the benefit of the Developer, the Condominium Association, and their respective successors and assigns and any designated provider of such Utility Services. Such right to create and install and use utilities shall not encumber or encroach upon any Unit or impair the exclusive use and ownership of any Unit. There is reserved in the Developer and the Condominium Association the right of ingress and egress over all of the Condominium Property.

4.5. Reservation in the Developer to Use Facilities for Sale, Marketing, and Advertising of Units. There is hereby reserved in the Developer, its successors and assigns, the right to use the Units (including Units designated as a sales office and/or model Unit) for the marketing, sale, and

advertising of all Units constructed. For so long as the Developer owns an interest in any land within the overall legal description Developer intends to submit to Condominium ownership (as set forth in Exhibit "A") with the intention to sell Units, the Condominium Association and the Condominium Association's management company is prohibited from restricting access to such areas, including without limitation, this Condominium, by agents or sales prospects, including without limitation, any decision to close the vehicular access gate during daylight hours until all Units have been conveyed to Owners within the property intended hereunder to be submitted to Condominium ownership. This reservation is made notwithstanding the use restrictions set forth in Article 12, and such reservation is intended with respect to the Developer, its successors and assigns, to be superior to such use restriction in Article 12. Such reservation shall continue for so long as the Developer, its successors and assigns, shall own an interest in any land within Condominium with the intention to sell Units to the public.

4.6. Recreational Facilities. The Recreational Facilities are initially owned by the Developer. The Developer shall convey the Recreational Facilities to the Condominium by deeding the Recreational Facilities to the Association as Association Property simultaneous with the submittal of Phase II to condominium ownership (or such earlier time as Developer elects to convey the Recreational Facilities). Prior to the conveyance of the Recreational Facilities to the Association, the Condominium Association and each Unit Owner shall have the non-exclusive right to access the Recreational Facilities, such right being subject to Developer's rules and regulations, and in common with other Unit Owners and such licensees, invitees and guests as determined by the Developer in its sole discretion. Prior to the conveyance, all use of the Recreational Facilities shall be subject to the license agreement entered into between the Developer and the Condominium Association, as amended from time to time (the "License Agreement") and such reasonable rules and regulations as the Developer may elect to impose from time to time with respect to the use of same. Developer shall have the right to collect the fees due under the License Agreement as assessments due hereunder. There is reserved in the Developer and all "Other Users" (as defined in the License Agreement) the right of ingress and egress over all of the Condominium Property as necessary to access, operate and maintain the Recreational Facilities prior to conveyance to the Condominium Association.

4.7. Permits, Licenses and Easements over Common Elements and Association Property. In addition to the rights of the Developer, the Condominium Association shall have the right to grant permits, licenses and easements over the Common Elements and Association Property for the installation, moving, and terminating of easements for utilities, roads and other purposes necessary for the operation of the Condominium.

4.8. Easements for Benefit of Subsequent Phase Land. The Developer hereby reserves for itself, its successors and assigns, and grants to all Owners and occupants of all or any part of the Subsequent Phase Land (and the owner of the adjacent land which is not a part of the Condominium, if any), regardless of whether same is added to this Condominium, and their family members, guests, tenants, servants, agents, licensees, invitees and any property owners' association formed to operate and maintain the Subsequent Phase Land if it is not made a part of this Condominium, a perpetual non-exclusive ingress, egress and access easement over and across the driveways and roadways located in the Condominium, the roadway which forms a part of the Association Property and ingress, egress use and enjoyment of any recreational improvements on the Association Property. The foregoing easement may be utilized for all proper and normal purposes including, but not limited to, ingress and egress, the furnishing of any and all services and facilities and the movement of construction materials and equipment in connection with the construction of any improvements on the Subsequent Phase Land. The easements granted by this paragraph are covenants running with the land as to both the Condominium and the Subsequent Phase Land.

4.9. Recorded Easements and Licenses. The Condominium Property shall be subject to all easements and licenses as shown on Exhibit "A" attached hereto and to any other easements or

licenses of record or of use as of the date of recordation of this Declaration. The recording data for all presently recorded easements and licenses appurtenant to or included in the Condominium has been set forth on Exhibit "A" attached hereto.

4.10. Emergency Access Easement. The Association and its authorized agents shall have an easement for access to all Units and Limited Common Elements as set forth in paragraph 9.7 below.

4.11. Easement for Association Service. The Association shall have a general easement over, across, through and under each Unit and each Common Element to perform any obligation imposed upon the Association by this Declaration or any other Association Document in connection with services to be provided by the Association, including any services in connection with pest control or the administration of the fire and safety monitoring service for the Condominium. Notwithstanding the foregoing, the Association shall not enter any Unit without reasonable prior notice to the Owner thereof, except in cases of emergency.

4.12. Landscaping Easement. Developer, and thereafter, the Condominium Association, may elect to enter into a landscaping maintenance agreement ("Landscape Agreement") for the general maintenance of the landscaping within the Condominium Property. Should the Condominium Association elect to enter into the Landscape Agreement, it shall be limited in scope to provide for mowing only of the landscaped areas located on the Units (or such other services as determined by the Condominium Association, in its sole and absolute discretion), and the general maintenance of all landscaping for the Common Elements and Association Property. It shall remain the obligation of each Unit Owner to weed, plant and fertilize the landscaped areas on its own Unit. Nothing contained herein shall alleviate any Unit Owner's obligation to maintain its Unit in a neat, orderly and attractive manner. The Developer hereby reserves to itself, its successors and assigns, and grants to the provider of services under the Landscape Agreement, and the Condominium Association, their successors and assigns, a perpetual, non-exclusive ingress, egress and access easement over and across all outside portions of the Condominium Property (excluding only the interior or any shed located on a Unit, Recreational Vehicle or Recreational Park Trailer located on a Unit) as reasonably necessary for performing the obligations under the Landscape Agreement. The easements granted by this paragraph are covenants running with the land as to both the Condominium and the Subsequent Phase Land.

5. UNIT BOUNDARIES.

Each Unit shall include that part of the structure containing the Unit that lies within the boundaries of the Unit, which boundaries are as follows:

5.1. The upper and lower boundaries of the Unit shall be the following boundaries extended to an intersection with the perimetrical boundaries:

(a) Upper and Lower Boundaries – The upper and lower boundaries of each Unit shall be determined in the same manner and under the same laws which establish the upper and lower boundaries and rights of an owner of a parcel of real property in fee simple.

(b) Parametrical Boundaries – The parametrical boundaries of each Unit shall be the vertical projections of the two-dimensional and horizontal boundary lines of the Units as depicted on Exhibit "A" hereto.

5.2. Each Unit shall be identified by the use of a letter, number, or any combination thereof, all of which are graphically described in Exhibit "A" attached hereto and made a part hereof.

6. APPURTENANCES TO UNITS.

6.1. Appurtenances. There shall pass with each Unit as appurtenances thereto the following:

(a) The Owner of each Unit shall own an undivided share and interest in the Condominium Property, which shall include an undivided share in the Common Elements and Common Surplus, the exclusive right to use the portion of the Common Elements and Association Property as provided herein, the easements herein provided, and the right of exclusive use of his Unit subject to the rights of the Condominium Association, which share and interest shall be appurtenant to the Unit, said undivided interest in the Condominium Property and the Common Elements and Common Surplus being equal for all Units, regardless of the size of the Unit.

(b) An exclusive easement for the use of the air space occupied by the Unit as it exists at any particular time and as the Unit may lawfully be altered or reconstructed from time to time, which easement shall be terminated automatically in any air space which is vacated from time to time.

(c) Membership of the Unit Owner in the Condominium Association, and the right to use and to access the Common Elements and Association Property of the Condominium, subject to the rules and regulations as adopted from time to time by the Condominium Association.

(d) A perpetual, non-exclusive easement for ingress and egress by the Owners, their families, guests, tenants, servants, agents, invitees and lessees over streets, walks, and other rights-of-way, including the Common Element and, the Association Property, serving the Units of the Condominium, necessary to provide reasonable access to the public ways.

(e) An exclusive easement for the use of such Limited Common Elements as may be designated for a particular Unit in this Declaration.

(f) With respect to surface parking within the outside, unassigned parking lots which are not located adjacent to the Units, if any, all Unit Owners will be entitled to use all parking spaces on a "first-come, first served" basis. A Unit Owner may be temporarily prohibited from using certain parking spaces for periods of time that the Condominium Property is being repaired. Prior to conveyance of the Recreational Facilities to the Condominium Association, any parking areas within the Recreational Facilities shall not be a part of the Condominium, and shall be used in accordance with the rules and regulations of Developer or the then-owner of the Recreational Facilities.

6.2. Limited Common Elements. Each Unit shall have an exclusive use right for Limited Common Elements, which includes all Common Elements which are reserved for the use of a certain Unit or Units to the exclusion of other Units, if any. Upon the construction of the mail kiosks within the Condominium Property, each Unit Owner shall have as a Limited Common Element such mailbox as assigned to his Unit.

6.3. Association Property; Conveyance of Association Property. The Association Property, if any, will be conveyed from the Developer to the Condominium Association within six (6) months from the substantial completion of the Condominium. The Association Property improvements will be substantially completed at the time of the conveyance of the first unit in the Condominium from the Developer to a Unit Owner. The Developer specifically disclaims any and all representations and warranties, expressed or implied, that the personal property to be supplied by the Developer is all of the personal property which the Unit Owners will deem necessary or desirable for the management

and operation of the Condominium. Any additional personal property shall be at the election and expense of the Unit Owners.

7. MAINTENANCE, ALTERATION AND IMPROVEMENT.

Responsibility for the maintenance of the Condominium Property and restrictions upon its alteration and improvement shall be as follows:

7.1. Units:

(a) **By The Condominium Association.** The Condominium Association shall maintain, repair and replace at the Condominium Association's expense:

- (1) All Common Elements and Association Property, except as provided in paragraph 7.1(b).
- (2) All incidental damage caused to a Unit by reason of maintenance, repair and replacement accomplished pursuant to the provisions of 7.1(a)(1) and (2) above.

(b) **By The Unit Owner.** The responsibility of the Unit Owner for maintenance, repair and replacement shall be as follows:

- (1) To maintain, repair and replace at the Unit Owner's expense all portions of the Unit, including anything designated as a Limited Common Element. It is noted that any dwelling located on a Unit (Recreational Vehicle, Recreational Park Trailer or otherwise), whether or not permanently affixed thereto, is not a part of the Unit, but is property that will be the responsibility of the Unit Owner to maintain, repair and replace. The portions of a Unit to be maintained, repaired and replaced by a Unit Owner at his expense are all improvements to the Unit, such as the stabilized dirt or concrete slab beside which a Recreational Vehicle or Recreational Park Trailer must be located, and any improvement located on the Unit, but not included in the Unit. It shall be the Unit Owner's responsibility to maintain, repair and replace any driveways, patios, sheds and similar improvements located within the legal description of his Unit, subject, however to the approval requirements set forth herein. Each Unit Owner shall also be responsible for planting and maintaining the landscaped areas of his Unit; provided, however, if the Condominium Association shall elect to enter into the Landscape Agreement, then the provider of services under the Landscape Agreement shall be responsible for mowing the Unit to ensure uniformity within the Condominium Property.
- (2) To promptly report to the Condominium Association defects or need for repairs for which the Condominium Association is responsible.
- (3) In the event any Unit Owner fails to comply with the maintenance, repair or replacement obligations set forth in paragraph 7.1(b)(1) above, the Association has the right but not the obligation to perform such maintenance, repair or replacement obligations. The cost of such maintenance, repair or replacement shall be the responsibility of that Unit Owner and shall be assessed to and payable by the responsible Unit Owner immediately upon receipt of a written invoice or statement. Nothing contained herein shall impose absolute liability for damages to the Condominium on the Unit Owners, and in the event such an assessment is levied against any Unit Owner, such Unit Owner may make a written request for

reconsideration to the Board of Directors within ten (10) days after receipt of the assessment notice.

7.2. Alteration and Improvement.

(a) After the completion of the improvements included in the Condominium Property which are contemplated in this Declaration, there shall be no material alteration or substantial additions to the Common Elements without the prior approval of one hundred percent (100%) of the total voting interests of the Condominium Association and at least a majority of the Institutional Mortgagees. The cost of such material alteration or improvement shall be a Common Expense and so assessed. Any such material alteration or improvement shall not interfere with the rights of any Unit Owner respecting the use of his Unit without his consent.

(b) Subject to the restrictions set forth in Article 12 (specifically including, without limitation, the requirements set forth in paragraph 12.16 below) no Unit Owner shall make any addition, alteration, or improvement in or to the exterior of his Recreational Vehicle and/or Recreational Park Trailer, his Unit, the Common Elements, the Limited Common Elements or the Association Property until the design, construction and specifications have been approved in writing by the Board of Directors (or an architectural review committee appointed by it) as to quality, design and materials, harmony with existing structures. Any Unit Owner desiring to make such addition, alteration or improvement shall submit duplicate copies of the plans and specifications to the Condominium Association. Nothing contained in this Section shall be construed to lessen the obligation of any Owner to make prompt application for and obtain all necessary governmental permits and approvals and any other necessary approvals. In no event shall a Unit Owner make any alterations in the portions of the improvements of the Condominium which are to be maintained by the Condominium Association, remove any portion thereof, make any additions thereto, do any work which would jeopardize the safety or soundness of the Condominium, or impair any easement. Each Unit Owner shall have the right to construct a "Florida" room, screened porch or other improvement on its Unit, provided, however, the construction of same shall be subject to all requirements set forth herein, specifically including, without limitation, the prior approval of the Board of Directors of the Condominium Association. The provisions of this Article shall not apply to the Developer.

A Unit Owner making or causing to be made any such additions, alterations, or improvements agrees, and shall be deemed to have agreed, for such Owner and his heirs, personal representatives, successors and assigns, as appropriate, to hold the Condominium Association and any manager of the Condominium, together with all their officers, directors, partners, and all other Unit Owners, harmless from any liability or damage to the Condominium Property and expenses arising therefrom, and shall be solely responsible for the maintenance, repair and insurance thereof from and after the date of installation or construction thereof, as may be required by the Condominium Association.

7.3. Developer Consent Required. Notwithstanding anything herein to the contrary, in order for Developer to maintain the high standards of the Condominium, for so long as Developer owns at least one (1) Unit within the Condominium Property, Developer, through Elite, shall have the right to approve any proposed construction on a Unit, which approval may be withheld in Elite's sole and absolute discretion.

8. CONDOMINIUM ASSOCIATION ASSESSMENTS AND COMMON EXPENSES.

8.1. Common Expenses. The Condominium Association, through its Board of Directors, shall have the power to determine and fix the sums necessary to provide for the Common Expenses, including the expense allocable to services being rendered by a management company with whom the Condominium Association may contract. The annual Assessment for each Unit shall commence when such Unit is made subject to the terms and conditions of this Declaration and shall initially be payable monthly in advance; however, the Board of Directors shall have the power to establish other collection procedures. In addition, the Condominium Association shall have the power to levy Special Assessments against Units in their respective shares for the following purposes: (i) if a deficit should develop in the payment of Common Expenses during any period that the level of Assessments has not been guaranteed by the Developer (see paragraph 8.6 hereof); (ii) for the costs incurred by the Condominium Association for specific purposes of a nonrecurring nature which are not capital improvements; or (iii) costs incurred by the Condominium Association for the acquisition, installation, construction or replacement of any capital improvements located or to be located within the Common Elements or Association Property. Unless waived pursuant to Section 718.112(2)(f), Florida Statutes, Condominium dues or charges shall include an adequate reserve fund for maintenance, repairs and replacement of those Common Elements or Association Property that must be replaced on a periodic basis, and shall be payable in regular installments rather than by special assessment. In addition to the reserves which may be required to be maintained by the Condominium Association, the Board of Directors may include sums to establish reasonable reserves against future contingencies in each annual Assessment.

8.2. Liability for Assessments. A Unit Owner, regardless of the manner in which he acquired title to his Unit including, without limitation, a purchaser at a judicial sale or by deed in lieu of foreclosure, shall be liable for all Assessments while he is the Owner of a Unit. A grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the latter for his share of the Common Expenses up to the time of the conveyance, except that the liability for prior Assessments of Institutional Mortgagees acquiring title through foreclosure or deed in lieu of foreclosure shall be limited to the lesser of: (i) the Unit's unpaid Common Expenses and regular periodic assessments which accrued or came due during the six (6) months immediately preceding the acquisition of title and for which payment in full has not been received by the Condominium Association, or (ii) one percent (1%) of the original mortgage debt. The liability for Assessments may not be avoided by waiver of the use or enjoyment of any Common Elements, Association Property, services or recreation facilities, or by abandonment of the Unit against which the Assessment was made. The Condominium Association may charge an administrative late fee, in addition to interest, on any late Assessment payments not to exceed the maximum amount permitted under the Condominium Act. No Institutional Mortgagee is required to collect Assessments. Failure to pay Assessments shall not be deemed a default under any mortgage, except as provided in the mortgage instrument. Any unpaid share of Common Expenses or Assessments for which an Institutional Mortgagee is relieved from liability under the provisions of this Declaration shall be deemed to be a Common Expense, collectible from all Unit Owners, including the acquirer of the Condominium Parcel, his successors and assigns. An Institutional Mortgagee may not, during the period of its ownership of such Condominium Parcel, whether or not such Condominium Parcel is unoccupied, be excused from the payment of some or all of the Common Expenses coming due during the period of such ownership. Nothing contained herein shall abridge or limit the right or responsibilities of Institutional Mortgagees as set forth in the Condominium Act.

8.3. Assessments. The making and collection of Assessments against each Unit Owner for Common Expenses, and for reserves as may from time to time be established by the Condominium Association, shall be pursuant to the Bylaws of the Condominium Association, subject to the following provisions:

8.6. Developer's Responsibility for Assessments. The Developer has agreed to guarantee the amount of payments due to the Condominium Association for the period commencing on the first closing of a Unit in the Condominium, and continuing until December 31, 2008 (the "Guaranty Period"). Developer shall have the right, at its election, to extend the Guaranty Period through the later of (a) eight (8) additional six (6) month periods; or (b) such time as all phases of the Condominium contemplated hereunder are constructed. The guaranteed amount for each Unit will be One Hundred Five and 00/100 Dollars (\$105.00) per month (\$1,260.00 annually). In accordance with the provisions of Section 718.116(9)(a)(2), Florida Statutes, the Developer shall be excused from the payment of assessments for the Units owned by Developer during the Guaranty Period and has agreed to pay any Common Expenses that exceed the guaranteed amount. The Developer shall pay those Common Expenses incurred during the Guaranty Period which exceed the amount assessed against other Unit Owners; provided however that so long as the Condominium Association has maintained all insurance coverages required by Section 718.111(11)(a), Florida Statutes, the Common Expenses incurred during the Guaranty Period resulting from a natural disaster or an Act of God which are not covered by insurance proceeds from the insurance maintained by the Condominium Association may be assessed against all Unit Owners, including the Developer, in accordance with their share of Common Expenses on the date of such natural disaster or act of God. The Developer does not intend to extend the guaranty beyond the Guaranty Period.

8.5. Subordination of Lien. The lien for Assessments or other charges that the Condominium Association has on a Unit is subordinate to a first mortgage on the Unit, if the mortgage was recorded before the delinquent Assessment was due.

8.4. Collection. Assessments shall be due and payable upon conveyance of the first Unit from the Developer to its purchaser. The Condominium Association shall have the power and authority to charge, assess and collect all fees, charges and assessments allowed by this Declaration, Florida law, the Articles or Bylaws from Unit Owners and shall be entitled to use such remedies for collection as are allowed by this Declaration, Articles, Bylaws and the laws of the State of Florida.

(b) Lien for Assessments. The Condominium Association shall have a lien against each Condominium Parcel for any unpaid assessments, including interest, costs and reasonable attorneys' fees incurred by the Condominium Association incident to the collection of such assessment or enforcement of such lien, whether or not legal proceedings are initiated. The said liens may be recorded among the public records of the county where located by filing a claim therein which states the description of the Condominium Parcel, the name of the record owner, the name and the address of the Condominium Association, the amount due and the due dates, and said lien shall continue in effect until all sums secured by said lien shall have been paid or one (1) year from the recording of said lien, whichever shall first occur, unless within the one (1) year period an action to enforce the lien is commenced in a court of competent jurisdiction. Such claims of lien shall be executed and acknowledged by an officer of the Condominium Association, or by an authorized agent of the Condominium Association. Upon full payment, the party making payment shall be entitled to a recordable satisfaction of lien.

(a) Interest and Late Charge: Application of Payments. Assessments and installments on such Assessments paid on or before five (5) days after the date when due, shall not bear interest, but all sums not paid on or before five (5) days after the date when due until paid and there shall also be assessed as an Administrative late fee of five percent (5%) of the sum due but, not to exceed \$25.00. All payments on accounts shall be first applied to interest accrued by the Condominium Association, then to any Administrative late fee, then to costs and attorney's fees, and then to the delinquent assessment payment first due.

8.7. Recreational Facilities. The license fees due under the License Agreement shall be paid to the Association in the form of assessments and the Association shall be responsible for the payment of such costs to the then licensor under the License Agreement in accordance with the provisions thereof.

8.8. Reserve Accounts. In accordance with the provisions of Section 718.112(2)(f), Florida Statutes, prior to turnover of control of the Condominium Association to the non-developer Unit Owners, the Developer may vote to waive the reserves for the first two (2) fiscal years of the Condominium Association's operation, beginning with the fiscal year in which the Declaration is recorded. The Developer has elected to waive reserves during the first two fiscal years of the Condominium Association's operation.

8.9. Working Capital Contribution. Each purchaser (including purchasers of resale units) shall be required to make a one time working capital contribution to the Condominium Association in the amount of One Hundred and NO/100 Dollars (\$100.00), which may be used for additional capital improvements or services which were not included in the original budget categories. All secondary sales (i.e. those sales made by any party other than the Developer) shall also be subject to the \$100.00 capital contribution.

9. CONDOMINIUM ASSOCIATION.

The operation of the Condominium shall be by the Condominium Association, which shall fulfill its functions pursuant to the following provisions:

9.1. Membership and Voting Rights in Condominium Association. Membership of each Unit Owner in the Condominium Association is mandatory and shall be acquired pursuant to the provisions of the Articles of Incorporation and Bylaws of the Condominium Association. The interest of each Unit Owner in the funds and assets held by the Condominium Association shall be in the same proportion as the liability of each such Owner for Common Expenses. Each Unit shall be entitled to one vote in the Condominium Association.

9.2. Articles of Incorporation. A copy of the Articles of Incorporation of the Condominium Association, which sets forth its powers and duties, is attached as Exhibit "B" and made a part hereof.

9.3. Bylaws. A copy of the Bylaws of the Condominium Association is attached as Exhibit "C" and made a part hereof.

9.4. Restraint Upon Assignment of Shares and Assets. The Unit Owner's share in the funds and assets of the Condominium Association cannot and shall not be assigned, hypothecated or transferred in any manner except as an appurtenance to his Unit.

9.5. Condominium Association Name. The Condominium Association shall be named as provided in paragraph 2.2 herein and shall be a corporation not-for-profit.

9.6. Purchase or Lease of Properties. The Condominium Association shall have the power and authority to purchase real estate, leaseholds or possessory interest therein, including memberships pursuant to Sections 718.111 and 718.114, Florida Statutes.

9.7. Condominium Association's Access to Units. The Condominium Association and its authorized agents shall have the right to enter the Condominium Units and Limited Common Elements at reasonable times for the purposes making repairs or otherwise maintaining the

Condominium Property other than the Units, or to abate emergency situations which threaten damage to the Condominium Property other than the Unit entered.

9.8. Right of Action. The Condominium Association and any aggrieved Unit Owner has the right of action against Unit Owners who fail to comply with the provisions of the Condominium documents or the decisions made by the Condominium Association.

10. INSURANCE.

The insurance that shall be carried upon the Condominium Property shall be governed by the following provisions:

10.1. Authority to Purchase; Named Insured. All insurance policies upon the Condominium Property shall be purchased by the Condominium Association. The named insured shall be the Condominium Association individually and as agent for the Unit Owners, without naming them, and as agent for their Institutional Mortgagees. Provisions shall be made for the issuance of the mortgagee endorsements and memoranda of insurance to the Institutional mortgagees of Unit Owners. Such policies shall provide that payments by the insurer for losses shall be made to the Condominium Association or the insurance trustee designated below, and all policies and their endorsements shall be deposited with the Condominium Association or the insurance trustee as set forth herein.

10.2. Personal Property of Unit Owner. Unit Owners should obtain coverage at their own expense upon their personal property and improvements within their Unit not covered by the Condominium Association and for their personal liability and living expenses and such insurance shall not be the responsibility of the Condominium Association. Notwithstanding anything herein to the contrary, in no event shall the Condominium Association obtain insurance on any Recreational Vehicle, Recreational Park Trailer or other authorized residential use vehicle, such coverage being the sole obligation of the Unit Owners.

10.3. Coverage.

(a) Casualty. All buildings and improvements upon the Condominium Property, except any Recreational Vehicle, Recreational Park Trailer or other authorized residential use vehicle and any shed(s)), shall be insured in an amount equal to the insurable replacement value, excluding foundation and excavation costs, and all personal property included in the Common Elements shall be insured for its value, all as shall be determined annually by the Board of Directors of the Condominium Association. As this is a land condominium, coverage is limited to those buildings and improvements which are Common Elements and/or recreational facilities. Coverage shall afford protection against:

(1) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and

(2) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land, including, but not limited to, vandalism and malicious mischief.

(3) Hazard policies issued to protect Condominium Buildings shall provide that the word "building", wherever used in the policy, shall include, but shall not necessarily be limited to, fixtures, installations and/or additions of the buildings. The word "building" shall refer to any Recreational Facilities and any other buildings which are part of the Common Elements or Association Property. The word

"building" shall not refer to any Unit, it being the intent that each individual Unit Owner obtain its own insurance on its Unit and its Recreational Vehicle located thereon.

(b) Public Liability. Public Liability in such amounts and with such coverage as shall be required by the Board of Directors of the Condominium Association, including, but not limited to, hired vehicles, owned, and non-owned vehicle coverage, and with cross liability endorsements to cover liabilities of the Unit Owner as a group to a Unit Owner.

(c) Worker's Compensation. Worker's Compensation insurance to meet the requirements of law.

(d) Flood Insurance. Flood Insurance, where required by federal or other regulatory authority.

(e) Liability Insurance. Liability Insurance for its officers and directors or persons who are in control or disburse funds of the Condominium Association.

(f) Other. Such other insurance that Board of Directors of the Condominium Association shall determine from time to time to be desirable.

(g) Insurance/Fidelity Bond. The Condominium Association shall obtain and maintain adequate insurance or fidelity bonding of all persons who control or disburse funds of the Condominium Association. The insurance policy or fidelity bond must cover the maximum funds that will be in the custody of the Condominium Association or its management agent at any one time. The term "persons who control or disburse funds of the Condominium Association" includes, but is not limited to, those individuals authorized to sign checks and the president, secretary, and treasurer of the Condominium Association. The Condominium Association shall bear the cost of bonding.

10.4. Premiums. Premiums upon insurance policies purchased by the Condominium Association shall be paid by the Condominium Association as a Common Expense.

10.5. Insurance Trustee; Share of Proceeds. All insurance policies purchased by the Condominium Association shall be for the benefit of the Condominium Association and the Unit Owners and their Institutional Mortgagees as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to the Condominium Association or a named insurance trustee as Trustee or to such Trustee in Florida with Trust Powers as may be designated as Insurance Trustee from time to time by the Board of Directors of the Condominium Association when required by this Declaration (hereinafter referred to as the "Insurance Trustee"). The Insurance Trustee shall not be liable for payment of premiums nor for the failure to collect any insurance proceeds. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the proceeds in trust for the purposes stated herein for the benefit of the Unit Owners and their Institutional Mortgagees in the following shares, provided, however, such shares need not be set forth on the records of the Insurance Trustee.

(a) Proceeds on Account of Damage to Common Elements and Limited Common Elements. An undivided share for each Unit Owner, such share being the same as the undivided share in the Common Elements and Limited Common Elements appurtenant to the Unit, which share is equal for all Units.

(b) Units. Proceeds on account of damage to Units shall be held in the following undivided shares:

When the Building is to be Restored. For the Owners of damaged Units in proportion to the cost of repairing the damage suffered by each Unit Owner, said cost to be determined by the Condominium Association.

When the Building is Not to be Restored. An undivided share for each Unit Owner, such share being the same as the undivided share in the Common Elements appurtenant to his Unit.

(c) Institutional Mortgagees. In the event a mortgagee endorsement has been issued to a Unit, the share of the Unit Owner shall be held in trust for the Institutional Mortgagee and the Unit Owner as their interest may appear; provided, however, that no Institutional Mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no Institutional Mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions of such proceeds made to the Unit Owner and Institutional Mortgagee pursuant to the provisions of this Declaration.

(d) Insurance Trustee. An Insurance Trustee need not be appointed until there exists a major damage as defined in paragraph 11.1(b) and 11.6(b)(2) or until there shall have been a request by an Institutional Mortgagee for such appointment.

10.6. Distribution of Proceeds. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

(a) All expenses of the Insurance Trustee shall be paid first or provisions made for such payment.

(b) If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as provided herein. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners, remittances to Unit Owners and their Institutional Mortgagees being payable jointly to them. This is a covenant for the benefit of, and may be enforced by, any Institutional Mortgagee of a Unit.

(c) If it is determined in the manner provided herein that the damage for which proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial Owners, remittances to Unit Owners and their Institutional Mortgagees being payable jointly to them. This is a covenant for the benefit of, and may be enforced by, the Institutional Mortgagee of a Unit.

(d) In making distribution to Unit Owners and their Institutional Mortgagees, the Insurance Trustee may rely upon a Certificate of the Condominium Association made by its President and Secretary as to the names of the Unit Owners and their respective shares of the distribution.

10.7. Condominium Association as Agent. The Condominium Association is hereby irrevocably appointed Agent for each Unit Owner and for each Owner of any other interest in the Condominium Property to adjust all claims arising under the insurance policies purchased by the Condominium Association and to execute and deliver releases upon the payment of a claim.

11. RECONSTRUCTION OR REPAIR AFTER CASUALTY OR CONDEMNATION.

11.1. Determination to Reconstruct or Repair. If any part of the Condominium Property shall be damaged or taken by casualty or by condemnation or deed in lieu thereof, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

(a) Common Elements, Association Property and Limited Common Elements / Minor Damage or Condemnation. If the damaged or taken improvement is a Common Element, Association Property and/or Limited Common Element, or if the damaged or taken improvement is a building in which less than sixty percent (60%) of the Units to which the Common Elements are appurtenant are untenable, then the damaged or taken property shall be reconstructed or repaired, unless it is determined that the Condominium shall be terminated.

(b) Major Damage. If the damaged or taken improvement is a building, and if Units to which sixty percent (60%) of the Common Elements are appurtenant are found by the Board of Directors to be not tenantable, then the damaged or taken property will not be reconstructed or repaired, and the Condominium will be terminated without agreement, unless within one hundred sixty (160) days after the casualty, the Owners of eighty percent (80%) of the Common Elements and fifty-one percent (51%) of the Eligible Institutional Mortgagees agree in writing to such reconstruction or repair.

(c) Certificate. The Insurance Trustee may rely upon a Certificate of the Condominium Association made by its President and attested by its Secretary as to whether or not the damaged or taken property is to be reconstructed or repaired.

11.2. Plans and Specifications. Any reconstruction or repairs must be substantially in accordance with the plans and specifications for the original building, or in lieu thereof, according to the plans and specifications approved by the Board of Directors of the Condominium Association, and if the damaged or taken property is in a building and reconstruction is not substantially in accordance with the original plans and specifications, then, approval by the Owners of not less than eighty percent (80%) of the Common Elements, including the Owners of all damaged or taken Units, together with the approval of fifty-one percent (51%) of the Eligible Institutional Mortgagees shall be required, which approval shall not be unreasonably withheld.

11.3. Responsibility. If the damage or taking is only to those parts of one Unit for which the responsibility of maintenance and repair is that of the Unit Owner, then the Owner shall be responsible for reconstruction and repair after casualty or taking. In all other instances, the responsibility of reconstruction and repair after casualty or taking shall be that of the Condominium Association. Each Owner hereby appoints the Condominium Association to be attorney-in-fact in any negotiating settlements or agreements.

11.4. Estimates of Cost. Immediately after a determination is made to rebuild or repair damage to property for which the Condominium Association has the responsibility of reconstruction and repair, the Condominium Association shall obtain reliable and detailed estimates of the cost to rebuild or repair.

11.5. Assessments. If it is determined that reconstruction and repair should occur and if the proceeds of insurance or condemnation are not sufficient to defray the estimated costs of reconstruction and repair by the Condominium Association, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs of reconstruction and repair are insufficient, assessments shall be made against all Unit Owners in the case of damage or taking of Common Elements, in sufficient amounts to provide funds for the

payment of such costs. Such assessments on account of damage or taking of Common Elements shall be in proportion to the Unit Owner's obligation for Common Expenses.

11.6. Construction Funds. The funds for payment of costs of reconstruction and repair after casualty or taking shall be paid to the Condominium Association or Insurance Trustee for the benefit of the Owners and the Institutional Mortgagees. They shall consist of proceeds of insurance held by the Condominium Association or the Insurance Trustee and funds collected by the Condominium Association from assessments against Unit Owners, shall be disbursed in payment of such costs in the following manner:

(a) Condominium Association. If the total of assessments made by the Condominium Association in order to provide funds for the payment of reconstruction and repair that is the responsibility of the Condominium Association is more than \$500,000.00, then the sums paid upon such assessments shall be deposited by the Condominium Association with the Insurance Trustee. In all other cases the Condominium Association shall hold the sums paid upon such Assessments and disburse them in payment of the costs of reconstruction and repair.

(b) Insurance Trustee. The proceeds of insurance or condemnation collected on account of casualty or taking, and the sums deposited with the Insurance Trustee by the Condominium Association from collections of Assessments against Unit Owners on account of such casualty or taking shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner and order:

(1) Condominium Association - Lesser Damage. If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Condominium Association is less than \$500,000.00, then the construction fund shall be disbursed in payment of such costs upon the order of the Board of Directors of the Condominium Association, provided, however, that upon request by an Institutional Mortgagee that is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided for the reconstruction and repair of major damage.

(2) Condominium Association - Major Damage. If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Condominium Association is more than \$500,000.00, then the construction fund shall be disbursed in payment of such costs pursuant to the approval of an architect selected by the Board of Directors.

(3) Unit Owner. The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with a Unit Owner shall be paid to the Owner, or if there is a mortgagee endorsement as to the Unit, then to the Owner thereof and the Institutional Mortgagee jointly, who may use such proceeds as they may agree.

(4) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance or condemnation proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial Owners of the fund; except, however, that only those portions of a distribution to the beneficial Owners in excess of assessments paid by a Unit Owner to the construction fund shall be made payable to any Institutional Mortgagee.

Certificate. Notwithstanding the provisions of this instrument, the Insurance Trustee shall not be required to determine whether sums paid by the Unit Owners upon assessments shall be deposited by the Condominium Association with the Insurance Trustee, nor to determine whether the disbursements from the construction fund are to be upon the order of the Condominium Association or approval of an architect or otherwise, nor whether a disbursement is to be made from the construction fund nor to determine the payee nor the amount to be paid. Instead, the Insurance Trustee may rely upon a Certificate of the Condominium Association made by its President and Secretary as to any or all of such matters and stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid; provided, that when an Institutional Mortgagee is required in this instrument to be named payee, the Insurance Trustee shall also name the Institutional Mortgagee as a payee of any distribution of insurance proceeds to a Unit Owner; and further, provided, that when the Condominium Association, or an Institutional Mortgagee that is the beneficiary of an insurance policy whose proceeds are included in the construction fund, so requires the approval of an architect named by the Condominium Association shall be first obtained by the Condominium Association prior to the disbursements in payment of costs of reconstruction and repair.

12. USE RESTRICTIONS.

The use of the Condominium Property shall be in accordance with the following provisions as long as the Condominium exists upon the land:

12.1. Units. This is a recreational Condominium. Each of the Units shall be occupied only as a private dwelling by no more than six (6) persons at any one time. No Unit may be divided or subdivided into a smaller Unit. Home-based occupations that meet all applicable zoning requirements may be operated out of the Units, provided, that: (i) there are no employees working within the Units, (ii) no signage and (iii) such use meets all other municipal code requirements.

12.2. Common Elements, Limited Common Elements and Association Property. The Common Elements, Limited Common Elements and Association Property shall be used only for the purpose for which they are intended in the furnishing of services and facilities for the enjoyment of the Units. No alterations may be made by a Unit Owner to exterior landscaping and no additional gardens or plantings may be installed with respect to exterior landscaping, without the prior consent of the Developer or Condominium Association, as applicable.

12.3. Nuisances. No nuisance shall be allowed upon the Condominium Property or within a Unit, nor any use or practice that is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the Condominium Property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate, nor any fire hazard allowed to exist. No Unit Owner shall permit any use of his Unit or make any use of the Common Elements or Association Property that will increase the costs of insurance upon the Condominium Property.

12.4. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property or a Unit, and all applicable laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed.

12.5. Renting of Units. Entire Units may be rented provided the occupancy is only by the renter, his family and guests. No rooms within the Recreational Vehicles and/or Recreational Trailers may be rented (it being the intent that the entire Recreational Vehicle/Recreational Trailer be rented by

one renter). The rental of any Unit shall not release or discharge the Owner from compliance with any of his obligations and duties as a Unit Owner. Short-term rentals are permitted to the extent permitted by applicable law. All renting of Units shall be subject to the Rental Procedures set forth in Article 27. Any rental/reservation agreement for any Units not leased/reserved by the Rental Company shall be in writing, provide that all of the provisions of this Declaration, the Bylaws, the Rules and Regulations of the Condominium Association pertaining to use and occupancy shall be applicable and enforceable against any person occupying a Unit to the same extent as against a Unit Owner, and a covenant shall exist upon the part of each such renter or occupant to abide by the Rules and Regulations of the Condominium Association, the terms and provisions of the Declaration of Condominium and the Bylaws, and designating the Condominium Association as the Unit Owner's agent for the purpose of and with the authority to terminate any such lease agreement in the event of violations by the renter of such covenants, which covenant shall be an essential element of any such lease or tenancy agreement.

12.6. Signs and Flags. No signs (including "for sale" and "for rent" signs) shall be displayed from a Unit or from the Condominium Property except those signs as shall have advance written approval by the Condominium Association, in its sole and absolute discretion, except that the Developer shall be entitled to install such marketing signs as are necessary and convenient during the period of time the Developer is marketing the Units. Notwithstanding the foregoing, a Unit Owner may display one (1) portable, removable United States flag in a respectful way and on Armed Forces Day, Memorial Day, Flag Day, Independence Day and Veteran's Day may display in a respectful way the flag of the United States Army, Navy, Marine Corps or Coast Guard, which flag shall not be larger than 4 ½ by 6 feet.

12.7. Prohibited Parking and Vehicles. No more than two (2) vehicles shall be permitted on a Unit at any time. No commercial trucks or vans or other commercial vehicles shall be parked in any parking space or on any Unit except with the written consent of the Board of Directors of the Condominium Association, except such temporary parking spaces provided for such purpose as may be necessary to effectuate deliveries to the Condominium, the Condominium Association, Unit Owners, or residents. It is acknowledged that there are pickup trucks and vans that are not used for commercial purposes, but are family vehicles. It is not intended that such noncommercial, family vehicles be prohibited. A commercial vehicle is one with lettering or display on it, has equipment affixed to it, or is used in a trade or business. No campers, utility trailers, off-road vehicles, all-terrain vehicles, boats or boat trailers may be parked or stored outside the Unit boundaries, or on the Common Elements, without the prior approval of the Condominium Association. No campers, utility trailers, off-road vehicles, all-terrain vehicles, boats or boat trailers may be parked or stored on the Condominium Property, without the prior approval of the Condominium Association. Motorcycles may be parked on the Common Elements only with the written consent of the Board of Directors of the Condominium Association. Any such vehicle, boat, etc. approved by the Condominium Association shall be parked/stored in a neat and orderly manner. Motorcycles may be parked on the Condominium Property only with the written consent of the Board of Directors of the Condominium Association. Any such vehicle or recreational equipment parked in violation of these or other regulations contained herein or in the rules and regulations adopted by the Condominium Association may be towed by the Condominium Association at the sole expense of the owner of such vehicle or recreational equipment if it remains in violation for a period of twenty-four (24) consecutive hours or for forty-eight (48) non-consecutive hours in any seven (7) day period. The Condominium Association shall not be liable to the owner of such vehicle or recreational equipment for trespass, conversion, damages, or otherwise, nor guilty of any criminal act by reason of such towing, and neither its removal nor failure of the owner of such vehicle or recreational equipment to receive any notice of said violation shall be grounds for relief of any kind.

12.8. Children. Children shall be allowed to reside in the Units, provided that an adult shall supervise any children in the Common Elements and the Association Property. No person under

eighteen (18) years of age shall occupy a Unit unless his or her parent or the Unit Owner is also in residence.

12.9. Use of Doors, Windows, or Lanais. Except as provided in paragraph 12.6 above, no articles shall be hung or shaken from the doors, windows, or porches of any Recreational Park Trailer, Recreational Vehicle or any improvement attached thereto.

12.10. Grills and Broilers, etc. Any grills placed outside must be maintained in a neat and orderly manner. The use of any ground fires must be done in compliance with all applicable laws.

12.11. Storage. All storage must be kept inside the improvements located on the Unit. Fire regulations prohibit the storage of gasoline, paint, or any combustible items presenting a fire hazard. Common Elements cannot be used for storage purposes.

12.12. Pets. Unit Owners are granted a license to maintain not more than a total of two (2) pets, which must be either dogs or cats. This license may be revoked by the Board of Directors of the Condominium Association and no pet will be permitted on the Condominium Property which creates a nuisance, as determined in the sole and absolute discretion of the Board of Directors of the Condominium Association. No Pit-Bulls, Rottweilers, Doberman Pinschers or other dangerous dogs shall be permitted within the Condominium Property. All animal waste must be properly disposed of by the Unit Owner. Further, pets such as birds or fish which are kept wholly within the Unit may be maintained, provided that if any such pets become a nuisance, the Board of Directors of the Condominium Association shall have the right, but not the obligation, to require their removal. The Board of Directors is authorized from time to time to make additional rules regarding pets. Neither the Board, Developer nor the Condominium Association shall be liable for any personal injury, death or property damage resulting from a violation of the foregoing in rules and regulations governing pets and any Unit Owner maintaining a pet on the Condominium Property shall indemnify and hold the Condominium Association, Developer, each Unit Owner and the Boards harmless from any loss, claim or damage arising from or in connection with the maintenance of a pet on the Condominium Property.

12.13. Refuse. All refuse shall be disposed of with care and in containers intended for such purpose. All trash must be contained in plastic trash bags and secured and placed in trash containers in the Condominium.

12.14. Satellite Dishes. Subject to federal guidelines, all antennae, satellite dishes and other receptor devices shall be installed in such areas as permitted by the Condominium Association. Such devices shall not be placed on the roof, Common Elements or Association Property of the Condominium. In addition, Owners shall endeavor to assure that the location of such devices is screened to the extent possible from the view of others. The foregoing limitation shall not apply to the Condominium Association or to a telecommunication service provider.

12.15. Units. Each of the Units is a parcel of real property, improved with stabilized dirt and underground utilities, and are subject to the following general restrictions.

- (a) No temporary buildings, trailers or other residential accommodations, except a single Recreational Vehicle or Recreational Park Trailer may be placed on, stored, erected or otherwise kept on any Unit without prior written approval of the Association, which approval may be withheld in the sole and absolute discretion of the Association. All Recreational Vehicles and Recreational Park Trailers shall be placed on the Unit in a manner in compliance with all County building codes and set-back requirements.

(b) No building, structure, Recreational Vehicle, or Recreational Park Trailer shall be located on any Unit, except in compliance with the Lake County, Florida Land Development Code.

(c) No screen rooms, utility or storage sheds, carports, metal awnings or any type of temporary or permanent extended overhangs or attached structures may be added or installed without the prior written approval of the Association, which approval may be withheld in the sole and absolute discretion of the Association, and if so approved must be of the same color and basic exterior covering as the Recreational Vehicle or Recreational Park Trailer located on the Unit, and must have a roof line which is contiguous to the original dwelling unit, and must be kept clean, neat and orderly with no visible rust, all as determined by the Association. The additions which may be constructed are limited by the County Regulations, as more specifically set forth in Paragraph 12.16 below. The types of sheds permitted within the Condominium Property are limited by the Developer. In order to maintain the Condominium Property in a uniform manner, any Unit Owner wishing to install a shed on its Unit shall purchase the shed from the Developer.

(d) No fence or wall of any kind shall be erected. Nothing in this Declaration shall be construed to disallow the building of a perimeter fence around the Land or any portion thereof by the Developer or the Association.

(e) Each Unit Owner shall have a stabilized driveway constructed of approved material which extends from the residence to the paved roadway located at the front of the Unit; approval or disapproval of the same shall be made by the Association in the manner specified by the Association. All driveways are subject to the construction requirements set forth in paragraph 12.16 below.

(f) Tables, benches, and mobile grills, all in good condition, may be erected, however, no other personal property shall be permitted to remain where it can be seen by other Owners or visitors, except when the Unit is actually occupied and in use, and in such event such personal property shall be kept clean, neat, orderly and in good condition, as determined by the Association, in its sole and absolute discretion.

(g) Any concrete pad other than as installed by the Developer, as well as additions to concrete pads, must be approved in writing by the Association, as to size, design and construction prior to the commencement of any construction thereof. All construction shall be done in compliance with the construction requirements set forth in paragraph 12.16 below.

(h) Recreational Vehicles or Recreational Park Trailers on Lots shall be kept in a neat and attractive manner and state of repair as determined by the Association. This includes the proper washing and maintenance to remove mildew and dirt. If a Unit Owner fails to adhere to the foregoing, such work may be performed on behalf of the Unit Owner by the Condominium Association and the cost thereof, plus a twenty percent (20%) administrative charge, shall be charged to the Unit Owner, which charge, if not paid within five (5) days of billing shall become a lien on said Unit upon recording a Notice of Lien by the Condominium Association on the Public Records of Lake County, Florida. Such lien shall entitle the Condominium Association to those rights set forth in Article 8.

(i) The Association shall be responsible for the general maintenance of all landscaping (mowing, and such other services as determined by the Association) and no Unit Owner should proceed with installation of any landscaping without the prior approval of the Association. Each Unit Owner shall be responsible for planting, weeding and otherwise

maintaining its Unit in a clean and attractive manner, provided any landscaping is subject to the Association's approval as set forth herein.

(j) No Unit or portion thereof shall be used for the deposit, accumulation or storage of building materials, appliances, equipment, motor vehicles or personal property, except for use in construction of approved improvements on that Unit, and in such case, shall not remain there more than thirty (30) days before commencement nor more than thirty (30) days after completion of such construction.

(k) No vehicles of any sort shall be parked in the front of any Unit except on the driveway or in a designated, approved parking awning. A maximum of two (2) vehicles other than the dwelling may be parked on a Unit at any given time.

(l) No unlicensed vehicles, boats or trailers, except golf carts, shall be stored on any Unit. Visible repair of motor vehicles or outboard motors, or building, rebuilding or storage of boats or recreational vehicles shall not be permitted on any Unit.

(m) Tree removal from any Unit is prohibited, except upon prior written approval of the Association. The Association may adopt a written policy on trees as part of the Rules and Regulations.

(n) The Condominium Association has reserved the right to provide cable television under bulk contract and this provision shall not give any Unit Owner the right to be excluded thereunder, except as allowed by the Condominium Act.

(o) The Association shall be responsible to provide dumpsters or other central collection facilities for all trash and garbage pickup at the bathhouses within the Condominium Property and shall make such rules as are reasonably necessary to ensure that the use of same shall be done in an orderly and sanitary manner. In no event shall any Unit Owner dump and trash or garbage in the trash cans located within the Recreational Facilities.

(p) No mailbox, paper box or other receptacles of any kind for the use in the delivery of mail or newspaper, magazines or similar material shall be erected or located on any Unit. Mail will initially be delivered to the clubhouse which is a part of the Recreational Facilities. It is the intent of the Developer to construct mail kiosks within the Condominium Property in such areas as permitted by the United States Postal Service. After construction of same, each Unit will have a box allocated to it as a Limited Common Element.

(q) Temporary or permanent clothes drying lines are not permitted on any Unit.

(r) No garage sales, flea market or other sales activities shall be allowed on any Unit, whether indoors or outdoors.

(s) Individual unit landscaping plans, subject to the Association's approval, must take into consideration the storm water drainage for the lot to insure that the natural drainage is not obstructed.

(t) In no event shall any Unit have more than one (1) Recreational Vehicle or Recreational Park Trailer placed on it at any one (1) time.

(u) In NO EVENT shall any Mobile Home be permitted in the Condominium. In addition, no previously-titled Recreational Vehicle shall be permitted within the Condominium without the approval of the Developer, which approval may be withheld in its

sole and absolute discretion. All Recreational Park Trailers are subject to the prior approval of Developer, which approval may be withheld by Developer in its sole and absolute discretion. After the sale of the last Unit(s) within the Condominium Property, the rights herein shall pass to the Condominium Association.

12.16. Construction Requirements. In order to control the quality and process of construction within the Condominium Property, no construction shall be permitted by a Unit Owner to its Unit (specifically including, without limitation, the construction of a pad or driveway and the erection of a Shed) without the prior written consent of the Developer (and, after all Units are sold, the Condominium Association), which consent shall be subject to the provisions set forth in this paragraph 12.16. The Developer (or the Condominium Association, as applicable) shall have the right to create standards with respect to any and all types of surface treatments to be permitted within the Condominium Property, as determined by the Developer (or Condominium Association) in its sole and absolute discretion from time to time. Prior to construction, a Unit Owner shall first provide the Developer (or the Condominium Association, as applicable) with (i) a written copy of its proposed plans and specifications, including such specificity as required by the Developer (or Condominium Association, as applicable) (the "Plans"); and (ii) the name of the contractor to perform the construction. All construction must be performed by a contractor, licensed in the State of Florida, and of good reputation in the building community. Provided Developer (or Condominium Association) approves the Plans, all permits required by the applicable authorities for construction of the improvements shall be obtained prior to and during construction. Pursuant to Chapter 3.02.08 of the Lake County Zoning District Regulations ("Country Regulations"), all additions to Units must be constructed in accordance with Standard Building Codes (as defined in the County Regulations). Additions are limited to screen rooms, awnings, vinyl windows and storage sheds. Pursuant to the County Regulations, permits for the foregoing additions shall only be issued to a licensed contractor with written permission from the Developer or Condominium Association (or a manager appointed by the Condominium Association) authorizing both the construction and the placement of the addition. Developer (or the Condominium Association, as applicable) shall have the right to inspect any construction within the Condominium Property to ensure that the provisions herein are being followed, and shall have the right to cease and remove any such construction not meeting the requirements set forth herein. Developer hereby acknowledges Phoenix Construction LLC meets the standards for a contractor set forth herein and approves Phoenix Construction LLC as an acceptable contractor for construction within the Condominium. No further approvals are required with respect to the contractor if Phoenix Construction LLC performs the construction (provided, however, the Plans must still be approved as set forth herein).

12.17. Rules and Regulations. Reasonable regulations and rules concerning the use of the Condominium Property may be promulgated, modified or amended from time to time by the Board of Directors of the Condominium Association. Copies of such rules and regulations and amendments thereto shall be furnished by the Condominium Association to all Unit Owners and residents of the Condominium upon request. The Condominium Association shall have the right to enforce all restrictions set forth in this Article and in the Declaration in any manner it deems necessary, including without limitation injunctions, suits for damages, or fines. Any consent or approval required of the Condominium Association hereunder shall be in its sole and absolute discretion.

12.18. Recreational Facilities. Prior to conveyance of the Recreational Facilities to the Association, each Unit Owner's right to use the Recreational Facilities shall be limited as set forth in the License Agreement. In order to reduce the possibility of over-crowding, in no event shall a Unit Owner shall be permitted to have more than three (3) invitees at the Recreational Facilities at any one (1) time, all such invitees to be accompanied by a Unit Owner, without the prior written consent of the Developer initially and the Condominium Association after conveyance by the Developer to the Association, which consent may be withheld in either entity's sole and absolute discretion.

12.19. Sales. No garage sales, "flea markets," or comparable sales of clothing and merchandise shall be permitted on the Condominium Property without the prior approval of the Condominium Association, and the Condominium Association may condition its approval with certain guidelines to be followed for any such sale.

12.20. Proviso. Until the Developer has completed all of the contemplated improvements and closed the sale of all of the Units of the Condominium and all property set forth in Exhibit "A" which Developer intends to submit to Condominium ownership, neither the Unit Owners nor the Condominium Association, nor the use of the Condominium Property shall interfere with the completion of the contemplated improvements and the sale of the Units or other units in said property. Developer may make such use of the unsold Units and Common Elements and Association Property, as may facilitate such completion and sale, including, but not limited to, maintenance of a sales office, showing of the property within all property set forth in Exhibit "A" which Developer intends to submit to Condominium ownership, and the display of signs. In addition to these specific rules and regulations, the Board of Directors may establish reasonable rules and regulations on its own motion and vote which will govern the use, maintenance, and operation of the Common Elements and Association Property. Such rules and regulations shall be reasonable and shall be consistent with the maintenance of a high standard and quality use and maintenance of the Common Elements and Association Property. Such rules and regulations made by the Board of Directors may, in addition to new rules and regulations, clarify these existing rules and regulations.

13. STORMWATER MANAGEMENT SYSTEM.

13.1. Blanket Easement. The plan for the development of the Condominium Property includes the construction of a Stormwater Management System, which may include, without limitation, retention lakes, swales, conduits, weirs, pipes, pumps, and berms across the rear of certain Units and access easements to the Stormwater Management System. Developer hereby reserves for itself, its successors and assigns, and grants to the Condominium Association and its designees, a perpetual, nonexclusive easement over and across all areas of the Stormwater Management System for the drainage of stormwater from the Property. Portions of the Stormwater Management System are located entirely within Units. The Condominium Association is hereby granted an easement over any Units which are necessary or convenient for the Condominium Association to perform its maintenance obligations hereunder, provided however, such easement shall be released with respect to any portion of the Units on which an improvement is constructed and located.

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

13.6. Liability. NEITHER DEVELOPER NOR THE ASSOCIATION SHALL HAVE ANY LIABILITY WHATSOEVER TO UNIT OWNERS, GUESTS, TENANTS, OR INVITEES IN CONNECTION WITH THE RETENTION LAKES AND DRAINAGE EASEMENTS OR ANY PART OF THE STORMWATER MANAGEMENT SYSTEM. EACH UNIT OWNER, FOR ITSELF AND ITS GUESTS, TENANTS, OR INVITEES, RELEASES DEVELOPER AND THE ASSOCIATION FROM ANY LIABILITY IN CONNECTION THEREWITH. NEITHER DEVELOPER, THE ASSOCIATION, NOR ANY OF THEIR SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES, MANAGEMENT AGENTS, CONTRACTORS OR SUBCONTRACTORS (COLLECTIVELY, THE "LISTED PARTIES") SHALL BE LIABLE OR RESPONSIBLE FOR MAINTAINING OR ASSURING THE WATER QUALITY OR LEVEL IN ANY LAKE, POND, RETENTION AREA, CANAL, CREEK, MARSH AREA, STREAM OR OTHER WATER BODY WITHIN OR ADJACENT TO THE PROPERTY, EXCEPT AS SUCH RESPONSIBILITY MAY BE SPECIFICALLY IMPOSED BY AN APPLICABLE GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY OR ENTITY AS REFERENCED HEREIN. FURTHER, ALL UNIT OWNERS AND USERS OF ANY PORTION OF THE CONDOMINIUM PROPERTY LOCATED ADJACENT TO OR HAVING A VIEW OF ANY OF THE AFORESAID AREAS SHALL BE DEEMED, BY VIRTUE OF THEIR ACCEPTANCE OF A DEED TO, OR USE OF, SUCH PROPERTY, TO HAVE AGREED TO HOLD HARMLESS THE LISTED PARTIES FROM ALL LIABILITY RELATED TO ANY CHANGES IN THE QUALITY AND LEVEL OF THE WATER IN SUCH BODIES.

13.5. Use and Access. Developer and the Condominium Association shall have the right to adopt reasonable rules and regulations from time to time in connection with the use of the surface waters of any portion of the Stormwater Management System, and shall have the right to deny such use to any person who, in the opinion of Developer or the Condominium Association, may create or participate in a disturbance or nuisance on any part of the Stormwater Management System. The use of such surface waters by the Unit Owners shall be subject to and limited by the rules and regulations of Developer and the Condominium Association, all permits issued by governmental authorities, and any rights granted to other persons pursuant to the rules and regulations of Developer and the Condominium Association. Only Developer and the Condominium Association shall have the right to pump or otherwise remove any water from any part of the Stormwater Management System for purposes of irrigation or any other use.

13.4. Improvements. No docks, bulkheads, or other structures, permanent or temporary, shall be constructed on, over, or under any portion of the Stormwater Management System without the prior written consent of the Condominium Association and the approval of the Developer, which consent or approval may be withheld for any reason. Any improvements to the Stormwater Management System permitted by the Condominium Association and installed by a Unit Owner shall be maintained by such Unit Owner in accordance with the maintenance provisions of this Declaration. All improvements to the Stormwater Management System also may require the prior written approval of the District.

13.3. Maintenance. Except as specifically set forth herein to the contrary, the Condominium Association shall be responsible for the maintenance, operation, and repair of the Stormwater Management System. Such maintenance shall include the exercise of practices which allow the Stormwater Management System to provide drainage, water storage, conveyance, or other capabilities in accordance with all the permits, statutes, rules, and regulations pertaining to surface water management, drainage, and water quality promulgated by the District, Florida Department of Environmental Protection, and all other local, state and federal authorities having jurisdiction. Maintenance of the Stormwater Management System shall mean the exercise of practices which allow the Stormwater Management System to provide drainage, water storage, conveyance and other stormwater management capabilities as permitted by the District.

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

13.8. Indemnity. Developer may be required to assume certain duties and liabilities for the maintenance of the Stormwater Management System or drainage system within the Condominium Property under the plat, permits, or certain agreements with governmental agencies. The Condominium Association further agrees that subsequent to the recording of this Declaration, it shall hold Developer harmless from all suits, actions, damages, liabilities and expenses in connection with loss of life, bodily or personal injury or Condominium Property damage arising out of any occurrence in, upon, at or from the maintenance of the Stormwater Management System occasioned in whole or in part by any action, omission of the Condominium Association or its agents, contractor, employees, servants, or licensees but not excluding any liability occasioned wholly or in part by the acts of the Developer, its successors or assigns. Upon completion of construction of the Stormwater Management System or drainage system Developer shall assign all its rights, obligations and duties thereunder to the Condominium Association. The Condominium Association shall assume all such rights, duties and liabilities and shall indemnify and hold Developer harmless therefrom.

13.9. Permits. THIS CONDOMINIUM PROPERTY WAS DEVELOPED IN ACCORDANCE WITH REQUIREMENTS OF THE PERMIT ISSUED BY THE DISTRICT. ANY UNIT OWNER OWNING A UNIT WHICH CONTAINS OR IS ADJACENT TO JURISDICTIONAL WETLANDS AS ESTABLISHED BY THE DISTRICT, SHALL, BY ACCEPTANCE OF TITLE TO THE LOT, BE DEEMED TO HAVE ASSUMED ALL OBLIGATIONS UNDER THE FOREGOING PERMITS AS SUCH RELATES TO ITS LOT AND SHALL AGREE TO MAINTAIN SUCH JURISDICTIONAL WETLANDS IN THE CONDITION REQUIRED UNDER THE PERMITS AND TO OTHERWISE COMPLY THEREWITH. IN THE EVENT THAT AN UNIT OWNER VIOLATES THE TERMS AND CONDITIONS OF SUCH PERMITS AND FOR ANY REASON THE DEVELOPER IS CITED THEREFOR, THE UNIT OWNER AGREES TO INDEMNIFY AND HOLD THE DEVELOPER HARMLESS FROM ALL COSTS ARISING IN CONNECTION THEREWITH, INCLUDING WITHOUT LIMITATION ALL COST AND ATTORNEYS' FEES AS WELL AS ALL COSTS OF CURING SUCH VIOLATION.

14. COMPLIANCE AND DEFAULT.

Each Unit Owner shall be governed by and shall comply with the terms of the Declaration of Condominium, Articles of Incorporation and Bylaws and the Rules and Regulations adopted pursuant to those documents, as they may be amended from time to time. Failure of a Unit Owner to comply with such documents and regulations shall entitle the Condominium Association or other Unit Owners to the following relief in addition to the remedies provided by the Condominium Act:

14.1. Negligence. A Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his negligence or by that of any member of his family or his or their guests, employees, agents, or lessees, but only to the extent that such expense is not met by the

proceeds of insurance carried by the Condominium Association. There shall be no absolute liability imposed on such Owner.

14.2. Costs and Attorneys' Fees. In any proceeding arising because of an alleged failure of a Unit Owner or the Condominium Association to comply with the terms of the Declaration, Articles of Incorporation of the Condominium Association, the Bylaws, or the Rules and Regulations adopted pursuant to them, and the documents and regulations as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding, and recover such reasonable attorneys' fees as may be awarded by any Court, before, at trial or appellate levels and administrative hearings, in bankruptcy or in post-judgment collection.

14.3. No Waiver of Rights. The failure of the Condominium Association or any Unit Owner to enforce any covenant, restriction or other provision of the Condominium Act, this Declaration, the Articles of Incorporation of the Condominium Association, the Bylaws or the Rules and Regulations shall not constitute a waiver of the right to do so thereafter.

15. AMENDMENTS.

Except as provided herein, this Declaration of Condominium and the Articles and Bylaws of the Condominium Association, may be amended in the following manner:

15.1. Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

15.2. Resolution – Notice. A resolution made by the Board for the adoption of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

15.3. Resolution – Voting. A resolution for the adoption of a proposed amendment may be proposed by the Board of Directors of the Condominium Association or by the Unit Owners of the Condominium Association. Unit Owners may propose such an amendment by instrument in writing directed to the President or Secretary of the Board signed by not less than twenty percent (20%) of the Unit Owners. Amendments may be proposed by the Board of Directors by action of a majority of the Board at any regularly constituted meeting thereof. Upon an amendment being proposed as herein provided, the President, or, in the event of his refusal or failure to act, the Board of Directors, shall call a meeting of the Unit Owners to be held not sooner than fifteen (15) days nor later than sixty (60) days thereafter for the purpose of considering said amendment. Directors and Unit Owners not present in person or by proxy at the meeting considering the amendment may express their approval or disapproval in writing, provided such approval or disapproval is delivered to the Secretary at or prior to the meeting. Except as provided herein, such approvals must be by not less than sixty-seven percent (67%) of the votes of the entire Unit Owners of the Condominium Association.

15.4. Proviso. Provided, however, that no amendment shall discriminate against any Unit Owner nor against any Unit or class or group of Units, unless the Unit Owners so affected shall consent; and no amendment shall change any Unit nor the share in the Common Elements appurtenant to it nor increase the Owner's share of the Common Expenses, unless the record Owner of the Unit concerned and all Institutional Mortgagees on such Unit shall join in the execution of the amendment and unless at least a majority of the record owners of all other Units approve the Amendment. Any vote to amend the Declaration of Condominium relating to a change in the fractional share of ownership in the Common Elements or sharing of the Common Expense shall be conducted by secret ballot. Neither shall an amendment make any change in the paragraph entitled "Insurance" nor in the paragraph entitled "Reconstruction or Repair After Casualty" unless fifty one

percent (51%) of the Eligible Institutional Mortgagees (as hereinafter defined) of any Condominium Property shall join in the execution of such amendment. Nor shall any amendment make any change which would in any way affect any of the rights, privileges, powers and/or options herein provided in favor of or reserved to the Developer, or any person who is an officer, stockholder or director of the Developer, or any corporation having some or all of its directors, officers or stockholders in common with the Developer, unless the Developer or any limited partner or general partner shall join in the execution of such amendment.

15.5. Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted, and the certificate shall be executed by the President of the Condominium Association and attested by the Secretary with the formalities of a deed, and shall be effective upon recordation thereof in Lake County, Florida.

15.6. Stormwater Management System. Any amendment of this Declaration which alters or affects the Stormwater Management System, including the water management portions of the Condominium Association Property, beyond maintenance in its original condition, must have the prior written approval of the District.

15.7. Scrivener's Errors. Prior to the transfer of control of the Condominium Association, Developer may amend this Declaration and any exhibits thereto in order to correct a scrivener's error or other defect or omission without the consent of the Owners or the Board of Directors, provided that such amendment does not materially and adversely affect the right of Unit Owners, lienors or mortgagees. This amendment shall be signed by Developer only and need not be approved by the Condominium Association, Unit Owners, lienors or mortgagees, whether or not elsewhere required for amendment, and a copy of the amendment shall be furnished to each Unit Owner, the Condominium Association and all listed Institutional Mortgagees as soon after recordation thereof among the Public Records of the County and State in which the land is situate as is practicable. After the transfer of control of the Condominium Association, amendments for the correction of scrivener's errors or other nonmaterial changes may be made by the affirmative vote of two-thirds (2/3) of the Board of Directors and without the consent of the Unit Owners or the Institutional Mortgagees.

16. TERMINATION.

The Condominium may be terminated in the following manners, in addition to the manner provided by the Condominium Act:

16.1. Destruction. If it is determined as provided herein that a building shall not be reconstructed because of major damage or taking by condemnation or deed in lieu thereof, the Condominium plan of ownership shall be terminated by the agreement of Owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Condominium Association and by Eligible Institutional Mortgagees who represent at least fifty-one percent (51%) of the votes of Units subject to mortgages held by Eligible Institutional Mortgagees. "Eligible Institutional Mortgagee" shall mean those who hold a first mortgage on a Unit and who have requested notice, in writing, stating their name, address and the unit number of the mortgaged Unit.

16.2. Agreement. The Condominium may be terminated at any time by the approval in writing of seventy-five percent (75%) of record Owners of Units and Eligible Institutional Mortgagees. The Board shall notify the Division of Florida Land Sales, Condominiums and Mobile Homes (the "Division") before taking any action to terminate the Condominium. Notice of a meeting at which the proposed termination is to be considered shall be given not less than thirty (30) days prior to the date of such meeting. Provided that the approval of Owners of not less than seventy-five percent (75%) of the Common Elements, and the approval of seventy-five percent (75%) of Eligible

Institutional Mortgagees, are obtained at the meeting or within thirty (30) days thereafter, then the approving Owners shall have an option to buy all of the Units of the Owners not approving of termination, said option to continue for a period of sixty (60) days from the date of such meeting. Approval by a Unit Owner of a Unit, or of a lien encumbering a Unit, shall be irrevocable until expiration of the above recited option to purchase the Unit of Owners not so approving, and if the option to purchase such Unit is exercised, then such approval shall be irrevocable. The option to purchase the Units not approving of termination shall be exercised upon the following terms:

- (a) Exercise of Option. The option shall be exercised by delivering or mailing by registered mail to each of the record Owners of the Units to be purchased an agreement to purchase signed by the record Owners of Units who will participate in the purchase. Such agreement shall indicate which Units will be purchased by each participating Owner and shall require the purchase of all Units owned by Owners not approving the termination, but the agreement shall effect a separate contract between each seller and his purchaser.
- (b) Price. The sale price for each Unit shall be the fair market value determined by agreement between the seller and the purchaser within thirty (30) days from the delivery or mailing of such agreement, and in the absence of agreement as to price, it shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association by appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Unit; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any Court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser. In any such action for specific performance the prevailing party shall also be entitled to his reasonable attorneys' fees and costs incurred in connection therewith.
- (c) Payment. The purchase price shall be paid in cash, provided, in the event there shall be a pre-existing first mortgage on the Unit, then the purchaser shall have the option of assuming the remaining principal obligation thereof, and that portion of the purchase price which is in excess of such mortgage shall be payable in cash at closing.
- (d) Closing. The sale shall be closed within thirty (30) days following determination of the sale price.

16.3. Certificate. Termination of the Condominium in either of the foregoing manners shall be evidenced by a certificate of the Condominium Association executed by its President and Secretary certifying to the facts effecting the termination, said certificate to become effective upon being recorded in Lake County, Florida. Upon recordation of the instrument evidencing consent of all of the Unit Owners to terminate the Condominium, the Condominium Association within thirty (30) business days shall notify the Division of the termination and the date the document was recorded, the county where the document was recorded, and the book and page number of the public records where the document was recorded, and shall provide the Division a copy of the recorded termination notice certified by the clerk.

16.4. Shares of Owners after Termination. After termination of the Condominium, the Unit Owners shall own the Condominium Property and all assets of the Condominium Association as tenants in common in undivided shares that shall be the same as the undivided shares in the Common Elements appurtenant to the Owners' Units prior to the termination.

17. SEVERABILITY.

The invalidity in whole or in part of any covenant or restriction, or any paragraph, sentence, clause, phrase or word, or other provision of this Declaration of Condominium and the Articles of

Incorporation, Bylaws and Rules and Regulations of the Condominium Association shall not affect the validity of the remaining portions.

18. RULE AGAINST PERPETUITIES.

The rule against perpetuities shall not defeat a right given any person or entity by the Declaration of Condominium for the purpose of allowing Unit Owners to retain reasonable control over the use, occupancy and transfer of Units.

19. JOINDER AND CONSENTS.

A person who joins in or consents to the execution of this Declaration of Condominium subjects his interest in the Condominium Property to the provisions of the Declaration.

20. ENFORCEABILITY.

All provisions of this Declaration of Condominium are enforceable equitable servitudes, run with the land and are effective until the Condominium is terminated. The terms and conditions of this Declaration may be enforced by the Developer, the Condominium Association and any Owner.

21. PARTITION.

The undivided share in the Common Elements which is appurtenant to a Unit shall not be separated from it and shall pass with the title to the Unit, whether or not separately described. The share in the Common Elements appurtenant to a Unit cannot be conveyed or encumbered except together with the Units. Shares in the Common Elements appurtenant to Units are undivided, and no action for partition of the Common Elements shall lie.

22. OCCUPANCY RESTRICTIONS

22.1 Restrictions on Occupancy. Notwithstanding anything herein to the contrary, in order to comply with existing zoning restrictions and requirements, no Unit shall be used for permanent occupancy. As used herein, "permanent occupancy" shall mean any Owner (or tenant of any Owner) staying overnight in a Unit for more than one hundred eighty (180) consecutive days during any consecutive twelve (12) month period; provided, however, the foregoing shall not prohibit the occupancy of a Unit by the Owner and multiple tenants during any consecutive twelve (12) month period, so long as the Owner or any one (1) tenant does not occupy the Unit for more than one hundred eighty (180) consecutive days. In the event an Owner shall file for homestead exemption on his Unit, said filing shall be a prima facie indicator of a violation of this restriction on permanent occupancy.

Nothing in this Section shall restrict the ownership of or transfer of title to any Unit, or the rental or other conveyance of an interest in the Unit; provided, no subsequent Owner (or tenant of any subsequent Owner) shall permanently occupy the Unit, nor shall any Owner permit permanent occupancy of the Unit in violation of this Section.

22.2 Monitoring Compliance. The Board of the Association may adopt policies, procedures, and rules to monitor and maintain compliance with this Section, including policies regarding tenants and enforcement. The Association periodically may distribute such policies, procedures, and rules to the Owners and shall make copies available to Owners, their tenants and Mortgagees upon reasonable request.

Each Owner shall be responsible for ensuring compliance of its Unit with the requirements and restrictions of this Article, and the Association rules adopted hereunder, by itself and by its tenants and other occupants of its Unit. **Each Owner, by acceptance of title to a Unit, agrees to be bound by these restrictions and to indemnify, defend, and hold Developer, any affiliate of Developer, and the Association harmless from any and all claims, losses, damages, and causes of action which may arise from failure of such Owner's Unit to so comply.** Such defense costs shall include, but not be limited to, attorney fees and costs.

23. LIMITATION OF LIABILITY.

23.1. Unit Owner Liability. The liability of each Unit Owner for Common Expenses shall be limited to the amounts assessed against him from time to time in accordance with the Condominium Act, this Declaration, the Articles and the Bylaws. A Unit Owner may be personally liable for any damages caused by the Condominium Association in connection with the use of the Common Elements, but only to the extent of his or her pro rata share of that liability in the same share as his interest in the Common Elements, and in no event shall said liability exceed the value of his Unit. Each Unit Owner shall be liable for injuries or damages resulting from an accident in his own Unit to the same extent and degree that the owner of a house or any other property owner would be liable for such an occurrence.

23.2. Limitation on Condominium Association Liability. Notwithstanding anything contained in this Declaration, the Articles, Bylaws or rules and regulations of the Condominium Association or any other document governing or binding the Condominium Association ("Property Documents"), neither the Developer nor the Condominium Association will be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Owner, occupant or user of any portion of the Property, including without limitation, residents, their families, guests, invitees, licensees, agents, servants, contractors or subcontractors, nor for any property of such persons. There is a vehicular access gate at the entrance to the Condominium, which is intended to limit vehicular access to the Condominium, subject to the Developer's rights to access the Condominium Property as set forth herein. The gate is not intended to be a security gate or to protect a Unit Owner's person or property from the acts of third parties, and neither the Developer nor the Condominium Association nor shall be liable for any breaches of the gate, or whether or not the gate properly operates.

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

(b) Neither the Developer nor the Condominium Association is empowered to enforce or ensure compliance with the laws of the United States, the State of Florida or the County or any other jurisdiction or to prevent tortious activities by Owners or third parties.

(c) The provisions of the Property Documents setting forth the uses of the Condominium Property which relate to health, safety or welfare will be interpreted as limitations on the uses of such funds and not as creating a duty of the Condominium Association or the Developer to protect or further the safety or welfare of the persons even if such funds are used for such purposes.

(d) Notwithstanding the duty of the Condominium Association to maintain and repair parts of the Condominium Property, the Condominium Association shall not be liable to Unit Owners for entry or damage, other than the cost of maintenance and repair, caused by any

latent condition of the Condominium Property. Further, the Condominium Association shall not be liable for any such injury or damage caused by defects in the design or workmanship or other reason connected with any additions, alterations or improvements or other activities done by or on behalf of any Unit Owners regardless of whether or not the same shall have been approved by the Condominium Association as provided hereunder. The Condominium Association shall not be liable to any Unit Owner or lessee or to any other person or entity for any property damage, personal injury, death or other liability on the grounds that the Condominium Association did not obtain or maintain insurance (or carried insurance with any particular deductible amount) for any particular matter where: (i) such insurance is not required hereby or (ii) the Condominium Association could not obtain such insurance at reasonable cost or upon reasonable terms.

23.3. Legal Action Against the Condominium Association. In any legal action in which the Condominium Association may be exposed to liability in excess of insurance coverage protecting it and the Unit Owners, the Condominium Association shall give notice of the exposure within a reasonable time to all Unit Owners, and they shall have a right to intervene in and defend any action arising therefrom.

23.4. Owner Covenant. Each Unit Owner, his heirs, successors and assigns, by virtue of his or her acceptance of title, and each other person or entity having an interest or lien upon, or making the use of, any portion of the Condominium Property, by virtue of accepting such interest or lien or by making use thereof, will be bound by this paragraph and will be deemed to have automatically waived any and all rights, claims, demands or causes of action against the Condominium Association or the Developer arising from or connected with any matter for which the liability of the Condominium Association or the Developer has been disclaimed in this Article 23.

23.5. Noise Disclaimer. Each Unit Owner, by acceptance of a deed to his or her Unit, acknowledges and agrees that sound transmission in a condominium, is very difficult to control, and that noises from adjoining or nearby Units or mechanical equipment, can often be heard in another unit. The Developer does not make, and specifically disclaims, any representation or warranty as to the level of sound transmission between and among the Units and other portions of the Condominium Property or such other portions of the Property set forth in Exhibit "A," which Developer intends to submit to Condominium ownership. By acceptance of a deed, each Unit Owner will be deemed to have expressly released Developer from any loss, claim, liability or damage now or hereafter arising from or related to noise in the Condominium.

23.6. Construction Inconveniences. Each Unit Owner, by acceptance of a deed to his or her Unit, acknowledges and agrees that during a period of construction within the Condominium and Elite Resorts, if the construction of the Unit is completed prior to the completion of the construction of other units in the Condominium or other improvements within Elite Resorts, there may be certain inconveniences to the Unit Owner until all construction within the Condominium and Elite Resorts is complete. Inconveniences may include noise, dust, odors and debris associated with construction, interference with access and temporary interruptions of Utility Services. In acceptance of a deed to his or her Unit, each Unit Owner acknowledges and agrees that the Developer shall have no liability or responsibility for any such inconvenience

23.7. View Disclaimer. Each Unit Owner, by acceptance of a deed to his or her Unit, acknowledges that the Unit is being sold to the Owner without any guarantee of the view from the Unit and any view that the Unit currently enjoys may be impaired or obstructed by the construction of other dwellings, fences, walls, landscaping, and other improvements in the Condominium and/or Elite Resorts. Developer does not make, and specifically disclaims, any representation or warranty with respect to the view from the Unit, and Developer shall have no liability or responsibility for any loss,

damage, or expenses incurred by an Owner that are occasioned by the view from a Unit or loss thereof.

24. REQUIREMENT OF FNMA, FHLMC, VA AND HUD.

Notwithstanding anything herein to the contrary set forth in this Declaration of Condominium and its attached exhibits, the following shall prevail and be binding on all Unit Owners, the Developer, and anyone having an interest in the Condominium Property where a lender holds a mortgage upon a Unit in this Condominium and is subject to the Federal Home Loan Mortgage Corp. ("**FHLMC**"), Federal National Mortgage Association ("**FNMA**"), U. S. Department of Housing and Urban Development ("**HUD**"), and/or Veterans Administration ("**VA**") regulations:

24.1. Any first Institutional Mortgagee who obtains title to a Condominium Unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such Unit's unpaid dues or charges which accrue prior to the acquisition of title to such Unit by the Institutional Mortgagee, except as required by Florida Statute.

24.2. Except as provided by statute in case of condemnation or substantial loss to the Units and/or Common Element of the Condominium Project, unless at least fifty-one percent (51%) of the Eligible Institutional Mortgages (based on one vote for each first mortgage owned), and by Owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Condominium Association (other than the sponsor, Developer, or builder) of the individual Condominium Units have given their prior written approval, Condominium Association shall not be entitled to:

- (a) By act or omission, seek to abandon or terminate the Condominium Project;
- (b) Change the pro-rata interest or obligations of any individual Condominium Unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro-rata share of ownership of each Condominium Unit and the Common Elements;
- (c) Partition or subdivide any Condominium Unit, or the exclusive easement rights appertaining thereto;
- (d) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements or Limited Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements for the Condominium Project shall not be deemed a transfer within the meaning of this clause);
- (e) Use hazard insurance proceeds for losses to any Condominium Property (whether to Units or to Common Elements) for more than the repair, replacement or construction of such Condominium Property substantially in accordance with the original plans and specifications and this Declaration;
- (f) Change the voting rights appertaining to any Unit; and
- (g) Amend any provisions of the Declaration, Articles or Bylaws which are for the express benefit of Institutional Mortgagees.

Notwithstanding the foregoing, if an Institutional Mortgagee fails to respond to any written proposal within thirty (30) days after it receives proper notice of the proposal, provided that notice

was delivered by registered or certified mail with a return receipt requested, implied approval may be assumed.

24.3. All taxes, assessments and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Condominium Units and not to the Condominium Parcel as a whole.

24.4. For so long as the Developer controls the Condominium Association, and provided that the Federal Housing Administration or Veteran's Administration has guaranteed a mortgage on a Unit, annexation of additional properties (other than a Subsequent Phase amendment of this Declaration), amendment of Declaration, or dedication of the Common Elements or Association Property shall require the approval of HUD or VA, which approval shall not be unreasonably withheld.

24.5. Upon written request, the Condominium Association shall furnish the following notices to the Institutional Mortgagee of any Unit in the Condominium:

- (a) Notice of any condemnation or casualty loss that affects a material portion of the Condominium Property or the applicable Unit.
- (b) Notice of any delinquency and the payment of the Assessments or charges more than sixty (60) days past due as to the applicable Unit.
- (c) Notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Condominium Association.
- (d) Notice of any proposed action which would require the consent of a percentage of mortgage holders.

25. MERGER AND CONSOLIDATION.

As provided by Section 718.110(7), Florida Statutes this Condominium shall be entitled to merge or consolidate with any other condominium. The Board of Directors of the Condominium Association shall notify the Division before taking any action to merge or consolidate the Condominium. Said merger or consolidation shall allow the operation of the period though it was a single condominium for all matters, including budgets, assessments, accounting, record-keeping and similar matters. In the event of such merger or consolidation, Common Expenses for recreational condominiums in such a project being operated by a single association may be assessed against all Unit Owners in such project pursuant to the proportions or percentages established therefor in the declarations as initially recorded or in the Bylaws as initially adopted, subject, however, to the limitations of Sections 718.116 and 718.302, Florida Statutes. Such merger or consolidation shall be complete upon compliance with Section 718.110(7), Florida Statutes and may be subject to the approval of the VA/FHA.

26. NOTICE REQUIREMENTS FOR TRANSFER OF A UNIT

In order to provide for the smooth and uninterrupted operation of the Condominium, all Unit Owners are required to provide the Condominium Association with prior written notice of the proposed sale of a Unit by any Unit Owner (other than Developer) to a third party, including any family member of the Unit Owner. Therefore, notwithstanding anything herein to the contrary, prior to the sale of any Unit by any Unit Owner other than the Developer, the Unit Owner must first provide the Condominium Association with at least ten (10) days prior written notice of the proposed transfer. The notice shall be in form and content as determined by the Condominium Association. An application/transfer fee of \$100.00 shall be payable to the Condominium Association by the Unit

Owner that is the seller for each proposed sale. Any dues or assessments in arrears must be collected in full at closing. A copy of the Warranty Deed and relevant closing documentation shall be provided to the Condominium Association at closing.

27. RENTAL PROCEDURES

Subject to the provisions set forth in paragraph 12.5, each Unit Owner is entitled to rent his Unit. The Condominium is secured by a gate with limited access, which is managed by the Condominium Association. The preferred management company handling rentals for Condominium Association is Elite Resorts Management, Inc., which may be replaced from time to time ("Rental Company"). The access gate shall have dual access capabilities- device and code access. Each Unit Owner shall receive two (2) access devices to access the gate and each renter shall be given the access code. Access codes shall change at such times as determined by the Condominium Association and/or Rental Company, as more specifically set forth herein. Prior to a Unit Owner renting his Unit to a third party ("Unit Holder"), the Unit Owner must provide the Condominium Association and the Rental Company with the following, quarterly, in advance: a quarterly fee of \$75.00 (subject to change in the discretion of the Rental Company), proof of current liability insurance, and an indemnification holding the Developer, Condominium Association and Rental Company harmless for all matters arising as a result of the Unit Holder's renting of his Unit. Upon receipt of the foregoing, the Rental Company shall provide to the Owner a dated, site specific 'gate pass' master form. This form shall contain space to complete the name and contact information for the Unit Holder, the period of the rental arrangement, and the Unit Owner's signature. When the Unit Owner has contracted to rent his Unit to a Unit Holder, he must provide this form to the Rental Company with sufficient time to allow processing. The Rental Company shall, upon receipt of such form, allow access into the Condominium Property for the designated Unit Holder. No access shall be granted under any circumstances without the Unit Owner's authorizing same in writing. Telephone notification shall not be accepted.

28. MAINTENANCE OF SIGNAGE/ENTRYWAY

Effective as of the date the Developer closes on the first sale of a Unit in the Condominium Property, that Maintenance Agreement dated July 22, 2005 ("Maintenance Agreement") between Citrus Highlands Homeowners Association, Inc. and Developer shall be assigned to the Condominium Association, and the Condominium Association shall be responsible for all costs and obligations arising thereunder. A copy of the Maintenance Agreement is included within the documents for the Condominium.

29. NO STATE FILING

Developer has been advised by the Bureau of Standards and Registration of the Florida Department of Business and Professional Regulation (the "State") that the Condominium does not meet the criteria of a private residential condominium as defined by § 718.103(23), Florida Statutes. Therefore, Developer has not requested or obtained approval from the State as to the Condominium.

IN WITNESS WHEREOF, the Developer has executed this Declaration this ____ day of March, 2008.

Signed, sealed and delivered
in the presence of:

CITRUS VALLEY INVESTORS, LLC.,
a Florida limited liability company

Print Name: _____

By: _____
Name: _____
Title: _____

Print Name: _____

(Corporate Seal)

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of March, 2008, by _____, as _____ of CITRUS VALLEY INVESTORS, LLC, a Florida limited liability company, on behalf of the company, who is known to me and who did not take an oath.

Notary Public, State of Florida
Print Name: _____
My Commission Expires: _____
Commission No. _____

(Corporate Seal)

4319554_v9

JOINDER AND CONSENT

TO

DECLARATION OF CONDOMINIUM FOR
ELITE RESORTS AT CITRUS VALLEY, A CONDOMINIUM

JOINDER AND CONSENT OF MORTGAGEE

Mercantile Bank, a division of Carolina First Bank (hereinafter referred to as "Mortgagee") hereby certifies that it is the holder of that certain Mortgage and Security Agreement, recorded in Official Records Book 3516, Page 39, Public Records of Lake County, Florida upon the subject property (the "Property").

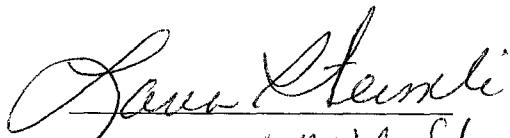
Mortgagee hereby joins in and consents to the foregoing Declaration of Condominium of Elite Resorts at Citrus Valley, a Condominium (hereinafter referred to as "Declaration"), which Declaration imposes certain restrictions and easements on the Property. Mortgagee makes no warranty or any representation of any kind or nature concerning the Declaration, any of its terms or provisions, or the legal sufficiency thereof, and disavows any such warranty or representation as well as any participation in the development of the Condominium.

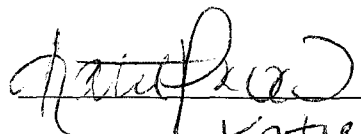
Nothing contained herein shall be deemed to or in any way limit or affect the Mortgage held by the Mortgagee or the priority of the lien created thereby and the sole purpose of this Consent is to acknowledge the consent of the Mortgagee to the Declaration as hereinabove provided.

IN WITNESS WHEREOF, Mortgagee has caused this Joinder and Consent of Mortgagee to be executed this 18th day of March, 2008.

Signed, sealed and delivered

in the presence of:


Print Name: LANA Steimle


Print Name: Katie Price

MERCANTILE BANK

By: 

Print Name: William D. Hollister

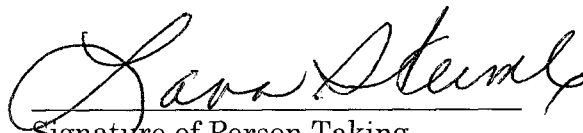
As Its: Vice President

(Corporate Seal)

STATE OF FLORIDA)

COUNTY OF MARION)

The foregoing instrument was acknowledged before me this 18th day of March, 2008, by William D. Hollister, the Vice President of Mercantile Bank, a division of Carolina First Bank, on behalf of the bank. [] He/she is personally known to me or [] has produced _____ as identification.



Signature of Person Taking
Acknowledgment

Print Name: _____

Title: Notary Public

Serial No. (if any): _____

Commission Expires:

