

DECLARATION OF PROTECTIVE COVENANTS,  
RESTRICTIONS AND EASEMENTS  
FOR  
TOWNHOMES I OF  
THE WATERWAYS AT QUIET WATERS



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TABLE OF CONTENTS

1.	<u>DEFINITIONS</u> .....	1
2.	<u>PLAN OF DEVELOPMENT</u> .....	5
3.	<u>ADDITIONS TO THE SUBJECT PROPERTY; CONVEYANCE OF ASSOCIATION PROPERTY</u> .....	5
	3.1. Additions to the Subject Property .....	5
	3.2. Designation of Additional Association Property .....	6
	3.3. Absence of Obligation .....	6
	3.4. Title to the Association Property .....	6
4.	<u>RESIDENTIAL PROPERTY; ASSOCIATION PROPERTY; COMMON STRUCTURAL ELEMENTS; COMMON PROPERTY; RULES AND REGULATIONS</u> .....	7
	4.1. Residential Property .....	7
	4.2. Association Property .....	7
	4.3. Common Structural Elements .....	7
	4.4. Party Walls .....	8
	4.5. Common Property .....	9
	4.6. Rules and Regulations .....	9
5.	<u>MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION; BOARD; COMMUNITY ASSOCIATION</u> .....	9
	5.1. Membership and Voting Rights .....	9
	5.2. Board .....	9
	5.3. Community Association .....	9
6.	<u>COVENANT TO PAY ASSESSMENTS FOR NEIGHBORHOOD EXPENSES; ESTABLISHMENT OF LIENS; COLLECTION OF ASSESSMENTS; COLLECTION BY DEVELOPER; CERTAIN RIGHTS OF DEVELOPER AND INSTITUTIONAL MORTGAGEES</u> .....	9
	6.1. Affirmative Covenant to Pay Assessments for Neighborhood Expenses ..	9
	6.2. Establishment of Liens .....	10
	6.3. Collection of Assessments .....	10
	6.4. Collection by Developer .....	11
	6.5. Rights of Developer and Institutional Mortgagees to Pay Assessments and Receive Reimbursement .....	11
	6.6. Developer Exemption .....	11
	6.7. Association to Collect Assessments Due the Community Association ..	11
7.	<u>METHOD OF DETERMINING ASSESSMENTS AND ALLOCATION OF ASSESSMENTS</u> .....	11
	7.1. Determining Amount of Assessments .....	11
	7.2. Assessment Payments .....	12
	7.3. Special Assessments .....	12
	7.4. Liability of Owners for Individual Lot Assessments .....	13
	7.5. Guaranteed Assessment During Guarantee Period .....	13
	7.6. Developer's Guaranteed Assessment Not the Obligation of Institutional Mortgagees .....	14
	7.7. Working Fund Contribution .....	14
	7.8. Exempt Property .....	14
8.	<u>NEIGHBORHOOD EXPENSES; CERTAIN ASSESSMENT CLASSIFICATIONS</u> ..	14
	8.1. Taxes .....	14
	8.2. Utility Charges .....	15
	8.3. Insurance .....	15
	8.4. Maintenance and Repair .....	15

8.5.	Administrative and Operational Expenses .....	15
8.6.	Compliance with Laws .....	15
8.7.	Indemnification .....	15
8.8.	Failure or Refusal of Owners to Pay Assessments .....	16
8.9.	Extraordinary Items .....	16
8.10.	Matters of Special Assessments Generally .....	16
8.11.	Costs of Reserves .....	16
8.12.	Cable Television System .....	16
8.13.	Monitored Alarm System .....	17
8.14.	Miscellaneous Expenses .....	17
9.	<b><u>INSURANCE AND CONDEMNATION</u></b> .....	17
9.1.	Public Liability Insurance .....	17
9.2.	Hazard Insurance .....	18
9.3.	Flood Insurance .....	18
9.4.	Form of Policy and Insurance Trustee .....	18
9.5.	Required Policy Provisions .....	19
9.6.	Restrictions of Mortgagees .....	19
9.7.	Distribution of Insurance Proceeds and Losses .....	19
9.7.1.	Loss to Dwelling Unit Alone. ....	19
9.7.2.	Loss of Fifty Thousand Dollars (\$50,000) or Less to Dwelling Units and Common Structural Elements. ....	19
9.7.3.	Loss in Excess of Fifty Thousand Dollars (\$50,000) to Dwelling Units and Common Structural Elements. ....	20
9.7.4.	Distribution of Excess Funds. ....	21
9.7.5.	Institutional Mortgagees. ....	21
9.7.6.	Repair of Damaged Property. ....	21
9.7.7.	Determination of Damage. ....	21
9.7.8.	Insurance Amounts. ....	21
9.7.9.	Miscellaneous Policy Requirements. ....	21
9.7.10.	Master Form of Insurance .....	21
9.8.	Fidelity Coverage .....	21
9.9.	Cancellation or Modification .....	22
9.10.	Condemnation .....	22
9.11.	Director's and Officer's Liability Coverage .....	22
9.12.	Insurance Proceeds .....	22
10.	<b><u>EASEMENTS</u></b> .....	22
10.1.	Recognition of Existing Easements .....	22
10.2.	Grant and Reservation of Easements .....	22
10.2.1.	Utility and Services Easements .....	23
10.2.2.	Easement for Encroachment .....	23
10.2.3.	Easement to Enter Upon Lots .....	23
10.2.4.	Easement Over Association Property .....	23
10.2.5.	Drainage Easement Over Subject Property .....	24
10.2.6.	Structural Cross Easements .....	24
10.3.	Assignments .....	24
10.4.	Limitation of Easements .....	24
11.	<b><u>OCCUPANCY AND USE RESTRICTIONS</u></b> .....	25
11.1.	Occupancy and Use Restrictions. ....	25
11.1.1.	Single-Family Use .....	25
11.1.2.	Maintenance of Property .....	25
11.1.3.	Swales .....	25
11.1.4.	Temporary Buildings, Etc. ....	25
11.1.5.	Boats, Recreational Vehicles and Commercial Vehicles .....	25
11.1.6.	Garages .....	26
11.1.7.	Signs .....	26



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THE WATERWAYS AT QUIET WATERS**

THIS DECLARATION OF PROTECTIVE COVENANTS, RESTRICTIONS AND EASEMENTS FOR TOWN HOMES I OF THE WATERWAYS AT QUIET WATERS (hereinafter referred to as the "Declaration") is made this 2nd day of JUNE, 1997 by Centex Homes, a Nevada general partnership, its successors and assigns, whose principal office is located at 2541 Metrocentre Boulevard, Suite 1, West Palm Beach, Florida 33407 ("Developer"), and is joined in by TOWN HOMES I OF THE WATERWAYS QUIET WATERS ASSOCIATION, INC., a Florida corporation not for profit ("Association").

WHEREAS, Developer is the owner in fee simple of the real property more particularly described on Exhibit A ("Subject Property") attached hereto and made a part hereof; and

WHEREAS, Developer desires to develop a community on the Subject Property to be known as "Town Homes I of The Waterways at Quiet Waters" (as hereinafter defined), as hereinafter set forth; and

WHEREAS, in order to develop and maintain "Town Homes I of The Waterways at Quiet Waters" as a planned residential community and to preserve the values and amenities of such community, it is necessary to declare, commit and subject the Subject Property and the improvements now or hereafter constructed thereon to certain land use covenants, restrictions, reservations, regulations, burdens, liens, and easements; and to delegate and assign to the Association certain powers and duties of ownership, administration, operation, maintenance and enforcement; and

WHEREAS, the Association is joining in this Declaration in order to acknowledge its obligations hereunder.

NOW, THEREFORE, in consideration of the premises and covenants herein contained, Developer hereby declares that the Subject Property shall be owned, held, used, transferred, sold, conveyed, demised and occupied subject to the covenants, restrictions, easements, reservations, regulations, burdens and liens hereinafter set forth, all of which shall run with the Subject Property and any part thereof and which shall be binding upon all parties having any right, title or interest in the Subject Property or any part thereof, their heirs, successors and assigns.

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1. DEFINITIONS

1.1. "Articles" means the Articles of Incorporation of the Association, a copy of which is attached hereto and made a part hereof as Exhibit B, and any amendments thereto.

1.2. "Assessments" means the assessments for which all Owners are obligated to the Association and includes "Individual Lot Assessments," "Guaranteed Assessments" and "Special Assessments" (as such terms are defined in Article 6 hereof) and any and all other assessments which are levied by the Association in accordance with the Documents.

1.3. "Association" means Town Homes I of The Waterways at Quiet Waters Association, Inc., a Florida corporation not for profit. The Association is a "Neighborhood Association," as defined in the Protective Covenants.

1.4. "Association Property" means any portions of the Subject Property, as more particularly described in Paragraph 4.2 herein, which are to be maintained by the Association and may be conveyed to the Association.

1.5. "Board" means the Board of Directors of the Association.

1.6. "Bylaws" means the Bylaws of the Association, a copy of which is attached hereto and made a part hereof as Exhibit C, and any amendments thereto.

1.7. "City" means the City of Deerfield Beach, Florida.

1.8. "Common Property" means the property as defined in the Protective Covenants to be administered by the Community Association.

1.9. "Common Structural Elements" means certain elements, features or parts contained in a "Building" (as defined in Paragraph 4.3 hereof) which are structural elements of more than one (1) Dwelling Unit contained therein.

1.10. "Community Association" means The Waterways at Quiet Waters Community Association, Inc., a Florida corporation not for profit, organized to administer the "Common Property" (as defined in the Protective Covenants) and having among its Members the Owners and all other "Home Owners," as defined in the Protective Covenants, within The Waterways at Quiet Waters.

1.11. "Completed Lot" means any Lot on which a Dwelling Unit has been constructed and for which a certificate of occupancy or an equivalent thereof has been issued by the appropriate government agency. A Completed Lot is also a "Completed Home" with respect to the Protective Covenants.

1.12. "Completed Lot Owner" means the Owner of a Completed Lot.

1.13. "County" means Broward County, Florida.

1.14. "Declaration" means this document and any amendments and Supplemental Declarations hereto. This Declaration shall be deemed a "Neighborhood Declaration," as defined in the Protective Covenants.

1.15. "Developer" means Centex Homes, a Nevada general partnership, its successors, grantees and assigns. A purchaser shall not, solely by the purchase of a Dwelling Unit or Lot, be deemed a successor, grantee or assign of Developer, or the rights of Developer under this Declaration or any other Document, unless such purchaser is specifically so designated a successor, grantee or assign of such rights in the respective instrument of conveyance or any other instrument executed by Developer.

1.16. "Director" means a member of the Board.

1.17. "Documents" means in the aggregate this Declaration, the Plat, the Articles, the Bylaws, the Protective Covenants, Articles of Incorporation and Bylaws of the Community Association and all of the instruments and documents referred to therein, including, but not limited to, amendments to any of the foregoing, as applicable.

1.18. "Dwelling Unit" means a residential dwelling unit intended as an abode for one family constructed on the Subject Property.

1.19. "Institutional Mortgagee" means any lending institution owning a first mortgage covering a Dwelling Unit or Lot, including any of the following institutions:

(i) Any federal or state savings and loan or a building and loan association, or commercial bank or bank or real estate investment trust, or mortgage banking company or any subsidiary thereof; or

(ii) Any "secondary mortgage market institution," including the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation and such other secondary mortgage market institution as the Board shall hereafter approve in writing; or

(iii) Any pension or profit-sharing funds qualified under the Internal Revenue Code; or

(iv) Any and all investing or lending institutions, or the successors and assigns of such lenders ("Lenders"), which have loaned money to Developer and which hold a mortgage upon any portion of the Subject Property securing such loans; or

(v) Such other institutional lenders as the Board shall hereafter approve in writing as an Institutional Mortgagee which have acquired a mortgage upon any portion of the Subject Property; or

(vi) Developer, if Developer holds a mortgage on any portion of the Subject Property and the transferee of any mortgage encumbering the Subject Property which was originally held by Developer; or

(vii) Any life insurance company; or

(viii) The Veterans Administration or the Federal Housing Administration or the Department of Housing and Urban Development.

1.20. "Interest" means the maximum nonusurious interest rate allowed by law on the subject debt or obligation, and if no such rate is designated by law, then eighteen percent (18%) per annum.

1.21. "Legal Fees" means reasonable fees for attorney and paralegal services incurred in connection with: (i) negotiation and preparation for litigation, whether or not an action is actually begun, through and including all trial and appellate levels and postjudgment proceedings; (ii) collection of past due Assessments, including, but not limited to, preparation of notices, liens and release of liens; and (iii) court costs through and including all trial and appellate levels and postjudgment proceedings.

1.22. "Lot" means a portion of the Subject Property upon which a Dwelling Unit is permitted to be or has been constructed and is part of the "Residential Property" (as hereinafter defined). For purposes of Individual Lot Assessments, a Lot is a Completed Lot, a Partially Completed Lot, or an Uncompleted Lot.



1.23. "Member" means a member of the Association.

1.24. "Neighborhood Expenses" means the expenses for which Owners are liable to the Association as described in this Declaration and any other Document and include, but are not limited to, the costs and expenses incurred by the Association in administering, operating, reconstructing, maintaining, financing, or repairing, but not replacing or improving, the Association Property, the Common Structural Elements or any portion thereof and improvements thereon and all costs and expenses incurred by the Association in carrying out its powers and duties hereunder or under any other Document including, but not limited to, the cost of any "Reserves" (as defined in Paragraph 8.11 hereof) and any other expenses designated to be Neighborhood Expenses by the Board.

1.25. "Operating Expenses" means the operating expenses for which Owners are liable to the Community Association as more particularly described in the Protective Covenants and include, but are not limited to, the costs and expenses incurred by the Community Association in administering, operating, maintaining, financing, or repairing, but not replacing or improving, the "Common Property," as defined in paragraph 4.5 herein.

1.26. "Owner" means the owner of the fee simple title to a Lot and includes Developer for so long as Developer is the owner of the fee simple title to a Lot.

1.27. "Partially Completed Lot" means any Lot within the Subject Property which has received a building permit or its equivalent from the appropriate governmental agency for the Dwelling Unit(s) proposed for such Lot(s), but has not yet received for such Dwelling Unit(s) a certificate of occupancy or its equivalent from the appropriate governmental agency. A Partially Completed Lot is also a "Partially Completed Home" with respect to the Protective Covenants.

1.28. "Partially Completed Lot Owner" means the owner of a Partially Completed Lot.

1.29. "Plat" means the Olympia and York Residential Plat of The Waterways at Quiet Waters, as recorded in Plat Book 161 Page 49 of the Public Records of the County.

1.30. "Protective Covenants" means the Declaration of Protective Covenants and Restrictions for The Waterways at Quiet Waters recorded in Official Record Book 25579 Page 288 of the Public Records of the County, and any amendments thereto.

1.31. "Public Records" means the Public Records of the County.

1.32. "Subject Property" means the real property upon which Town Homes I of The Waterways at Quiet Waters is planned to be developed and which is more particularly described on Exhibit A attached hereto and made a part hereof.

1.33. "Supplemental Declaration" means an instrument recorded in the Public Records by Developer for purposes of supplementing or amending this Declaration, declaring certain properties to be Association Property, or adding properties to or withdrawing properties from the Subject Property and the provisions of this Declaration. The Association shall join in the execution of any Supplemental Declaration at Developer's request, but such joinder shall not be required to make a Supplemental Declaration effective.

1.34. "The Waterways at Quiet Waters" means the planned residential development being developed on the Subject Property and other property by Developer in accordance with the "Plan for Development" set forth in Paragraph 2.1 of the Protective Covenants.

1.35. "Town Homes I of The Waterways at Quiet Waters" or "Town Homes I" means the residential community planned for development upon the Subject Property committed to land use under this Declaration. Town Homes I is intended to comprise One Hundred Ten (110) Dwelling Units, the Association Property and the "Common Property," as defined in Article 4.5 herein. Town Homes I is one of the "Neighborhoods" located within The Waterways at Quiet Waters, as described in the Protective Covenants.

1.36. "Turnover Date" means the termination of Class B Membership at the time Developer relinquishes control of the Association, as more particularly described in the Articles, or such time as Developer shall designate in writing to the Association, subject to the provision of this Declaration and the Articles.

1.37. "Uncompleted Lot" means any Lot within the Subject Property for which neither a building permit or its equivalent nor a certificate of occupancy or its equivalent has been issued by the appropriate government agency. An Uncompleted Lot is also an "Uncompleted Home" with respect to the Protective Covenants.

1.38. "Uncompleted Lot Owner" means the Owner of an Uncompleted Lot.

## 2. PLAN OF DEVELOPMENT

Town Homes I of The Waterways at Quiet Waters is planned to be comprised of the Subject Property, encompassing Lots, Association Property and Common Property, all as more particularly described in this Declaration.

Developer contemplates that it may construct and develop, but it shall not be obligated to construct or develop, One Hundred Ten (110) Dwelling Units, the Association Property, and certain Common Property upon the Subject Property and the Additional Property, and that such plan of development may be undertaken in phases, each of which may be comprised of Lots, Association Property, and Common Property. Nothing contained herein shall be construed as obligating Developer to construct any future phases or to construct such phases according to the present plan of development, or to declare or convey any Association Property. The Association may be responsible for the maintenance of Common Property.

Developer expressly reserves the right, as to the Subject Property, to: (i) commence construction and development when Developer so desires; (ii) develop the Subject Property upon such timetable as Developer, in its sole discretion, chooses; and (iii) modify the plan of development of the Subject Property in such manner as it, in its sole discretion, chooses.

## 3. ADDITIONS TO THE SUBJECT PROPERTY: CONVEYANCE OF ASSOCIATION PROPERTY

### 3.1. Additions to the Subject Property.

Developer may, from time to time, by recording appropriate Supplemental Declaration(s) in the Public Records, add additional property to the Subject Property governed by this Declaration, and may declare all or part of such additional property (including any improvements thereon) to be Lots or Association Property. Any such additional property must first be subjected to the Protective Covenants as "Property" thereunder, and shall not require the consent of the then existing Lot Owners, the Community Association, or any Institutional Mortgagee. However, notwithstanding the foregoing, in the event the addition of such additional property shall impair or prejudice the rights of any Institutional Mortgagee, such Institutional Mortgagee shall have the right reserved in Section 13.9.3 hereinafter to withhold its written approval of same. Upon the recording of a Supplemental Declaration, the property described therein shall be deemed part of the Subject Property as if it were originally included therein and shall be subject to this Declaration. Any such Supplemental Declaration may submit the additional property to such modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient to reflect or adapt to any changes in circumstances or differences in the character of the additional property. Nothing contained in this paragraph 3.1 shall be construed to require the joinder by or entitle a right to consent by Owners of Lots upon the Subject Property or the Association to any such Supplemental Declaration; provided, however, the Association shall join in the execution of any such Supplemental Declaration at the request of Declarant.

3.2. Designation of Additional Association Property

Developer may, from time to time, by recording a Supplemental Declaration in the Public Records, designate portions of the then existing Subject Property owned by it to be Association Property.

3.3. Absence of Obligation

Nothing in this Declaration shall be construed to require Developer to add properties to the Subject Property created by this Declaration or to require it to declare any portion of any properties added to the Subject Property to be Association Property.

3.4. Title to the Association Property

Any Association Property shall be declared to be for the joint and several use in common of the Owners of all Lots that may, from time to time, constitute part of the Subject Property. When title to all Lots which are subject to the provisions hereof have been conveyed to third-party purchasers, or earlier, at Developer's option exercisable from time to time, as to any portions of the Association Property, Developer or its successors and assigns shall convey and transfer to the Association, by quit claim deed, the fee simple title to the Association Property free and clear of any liens and the Association shall accept such conveyance, holding title for the Owners as aforesaid. Such conveyance shall be subject to any real estate taxes and assessments for the year in which this Declaration is recorded and subsequent years; any covenants, conditions, restrictions, reservations and limitations then of record; any zoning ordinances then applicable; the Protective Covenants; and this Declaration, as amended from time to time; provided, however, those portions of the Subject Property, if any, which become Association Property after Developer has conveyed the Association Property shall be conveyed by Developer within thirty (30) days after the property in question becomes Association Property. Notwithstanding the foregoing, the Association is obligated to accept at any time any and all conveyances by Developer of fee simple title, easements or leases to all or portions of the Association Property, if any.

The Association shall accept the conveyance of the Association Property, if any, and shall pay all costs of such conveyance including documentary stamps and other taxes of conveyance, recording charges, title insurance expenses and insurance fees. The conveyance shall not, however, impair in any way Developer's rights and easements as set forth in this Declaration.

Commencing upon the date this Declaration is recorded, the Association shall be responsible for the maintenance of the Association Property, if any, in a continuous and satisfactory manner without cost to the general taxpayers of the County. The Association shall be responsible for the payment of real estate taxes and assessments, if any, levied against the Association Property, including taxes and assessments on any improvements and any personal property thereon accruing from and after the date this Declaration is recorded.

The Owners of Lots (including Developer as to Lots owned by it) shall have no personal liability for any damages for which the Association is legally liable or arising out of or connected with the existence or use of any Association Property or any other property required to be maintained by the Association.

Subject to the foregoing, Developer may mortgage any or all portions of the Association Property to finance construction and development expenses, provided that the mortgagee recognizes the rights of Owners under this Declaration and neither the Association nor any Owner is personally liable for paying the mortgage, and provided further that the mortgagee releases its lien against the Association Property at the time it is conveyed to the Association. In such event, Owners of Lots upon the Subject Property shall not be required to join in or be entitled to consent to such mortgage. Notwithstanding any provisions in this Declaration to the contrary, the Association Property cannot be conveyed (except for the conveyance described in the first paragraph of this Paragraph 3.4) or mortgaged without the consent of two-thirds (2/3) of all Owners of Lots (excluding Developer as to Lots owned by it).

4. RESIDENTIAL PROPERTY: ASSOCIATION PROPERTY: COMMON STRUCTURAL ELEMENTS: COMMON PROPERTY: RULES AND REGULATIONS

4.1. Residential Property

"Residential Property" means those portions of the Subject Property which may be developed with Dwelling Units and/or residential facilities to serve such Dwelling Units and shall be for residential use only. All portions of the Subject Property, unless designated as Association Property or for other designated uses in a Supplemental Declaration or amendment to this Declaration, shall constitute Residential Property.

4.2. Association Property

Association Property, if any, shall be designated by the Developer. Association Property shall be used by the Association and Owners and their family members, guests, invitees and lessees in accordance with the Documents. Association Property is to be maintained by the Association. Only those portions of any proposed Association Property which are located within the Subject Property, as it may exist from time to time, shall be Association Property.

Association Property, if any, shall be used for recreational and social purposes in accordance with any improvement of such Association Property by Developer, and shall be improved by Developer in accordance with Developer's plan for beautification of Town Homes I, and thereafter kept and maintained by the Association substantially in accordance with the improvements thereon made by Developer or the requirements of the applicable government agencies. Developer, for so long as Developer shall own any portion of the Subject Property, and thereafter the Association, shall have the absolute right, in its sole discretion, to modify its plan for beautification of Town Homes I, specifically to modify the appearance and amenities of Association Property. All Owners in Town Homes I shall have use rights in Association Property, if any, pursuant to this Declaration.

DEVELOPER AND THE ASSOCIATION SHALL NOT BE OBLIGATED TO PROVIDE SUPERVISORY PERSONNEL FOR THE ASSOCIATION PROPERTY, IF ANY, INCLUDING, BUT NOT LIMITED TO, LIFEGUARDS. ANY INDIVIDUAL USING ASSOCIATION PROPERTY SHALL DO SO AT HIS OR HER OWN RISK AND HEREBY HOLDS DEVELOPER AND THE ASSOCIATION HARMLESS FROM AND AGAINST CLAIM OR LOSS ARISING FROM SUCH USE.

Such portions of the Association Property, as it may exist from time to time, upon which Developer has constructed, or hereafter constructs, improvements shall be kept and maintained for use in a manner consistent with the nature of such improvements located, or to be located thereon. Developer reserves the right, but shall not be obligated, to construct recreational facilities upon Association Property or any other property. The decision as to whether to construct recreational facilities and what type of facilities and the construction thereof shall be in the sole discretion of Developer.

4.3. Common Structural Elements

4.3.1. Each building containing Dwelling Units ("Building") shall contain Common Structural Elements which include, but are not limited to, the following:

(a) Utility Lines. All utility lines, ducts, conduits, pipes, wires and other utility fixtures and appurtenances which are located on or within the Building and which directly or indirectly in any way service more than one (1) Dwelling Unit in the Building.

(b) Roofing. The entire roof of the Building, any and all roof support structures, and any and all appurtenances to such roof and roof support structures, including, without limitation, the roof covering, roof trim and roof drainage fixtures, all of which are collectively referred to herein as the "Roofing."

(c) Bearing Walls. Any and all walls or columns necessary to support the roof structure, all of which are collectively referred to herein as "Bearing Walls." Bearing Walls may be Party Walls as set forth in Paragraph 4.4 hereinbelow.

(d) Exterior Finish. Any and all siding, finish, trim, exterior sheathings and other exterior materials and appurtenances on the exterior of the Building, all of which are collectively referred to herein as the "Exterior Finish."

(e) Flooring. The entire concrete floor slab or wood floor system if utilized in lieu thereof and all foundational and support structures and appurtenances thereto, all of which are collectively referred to as the "Flooring."

(f) Privacy Walls. The walls (other than "Party Walls" as defined hereinbelow) or fences erected or which may be erected along the lot lines of the Lots or on the Lots and all foundational and support structures with respect thereto.

4.3.2. Should the Common Structural Elements or a part thereof extend beyond the Lot, same shall not be deemed to violate the provisions of this Declaration and such easements as may be necessary to accommodate and permit the Common Structural Elements as same shall be constructed are hereby imposed.

4.3.3. Notwithstanding any provision in this Declaration to the contrary, in the event any Common Structural Element or part thereof located within a Dwelling Unit or Lot requires maintenance, repair or replacement and the Board determines that the necessity for such maintenance, repair or replacement was not due to any act or failure to act on the part of the Owner of the Dwelling Unit in question and the cost of such maintenance, repair or replacement would result in an inequitable and unfair burden upon any particular Dwelling Unit, then upon such determination by the Board, the cost of such maintenance, repair or replacement shall be determined to be the subject of a Special Assessment and shared equally by the Dwelling Units comprising the Building.

#### 4.4. Party Walls

The common walls between two (2) Dwelling Units located upon the lot line between said Dwelling Units ("Party Walls"), shall be owned by the Owners of the Dwelling Units adjacent thereto as tenants in common, notwithstanding that such wall is found to be not on the lot line. Party Walls shall be for the perpetual benefit of and use by each Owner, including such Owner's heirs, assigns, successors and grantees, of each such adjacent Dwelling Unit. Each Owner shall have the right to the full use of said Party Wall for whatever purpose he or she chooses to employ, subject to the limitation that such use shall not infringe on the rights of the Owner of the adjoining Dwelling Unit or his or her enjoyment of the Party Wall or in any manner impair the value of said Party Wall. In the event of damage or destruction of a Party Wall from any cause whatsoever, other than the negligent or willful misconduct of an individual Owner, including such Owner's family members, guests, invitees and lessees, the Association shall, as a Neighborhood Expense, repair and rebuild the Party Wall and each of the Owners of the Dwelling Units adjacent thereto shall have the right to the full use. Whenever a Party Wall or any part thereof shall be rebuilt, it shall be reconstructed in the same manner and be of the same size and of the same or similar materials, of like quality, and at the same location where it was initially constructed; provided, however, if such maintenance, repair or construction is brought about solely by the neglect or the willful misconduct of one (1) Owner, including such Owner's family members, guests, invitees and lessees, any expense incidental thereto shall be borne solely by such wrongdoer. If any Owner shall refuse to pay his or her share, all or part of such cost in the case of negligence or willful misconduct, any other Owner or the Association may have such Party Wall repaired or reconstructed and shall be entitled to a lien on the Dwelling Unit of the Owner so failing to pay for the amount of such defaulting Owner's share of the repair or replacement. If an Owner shall give or shall have given a mortgage or mortgages upon such Owner's Dwelling Unit, then the mortgagee shall have the full right at its option to exercise the right to add to the outstanding balance of such mortgage any amounts paid by the Owners. If an Owner shall cease to use the wall as a Party Wall, such Owner shall be deemed to have abandoned

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all rights thereto, and the wall shall become the property of the adjacent Owner, who shall have an easement upon the land under the wall so long as the wall shall be used by such Owner. Any Owner removing his or her improvements from the Party Wall or making any use of the Party Wall shall do so in such manner as to preserve all rights of the adjacent Owner in the Party Wall, and shall save the adjacent Owner harmless from all damage caused thereby to improvements then existing. In the event repairs or reconstruction shall be necessary, all necessary entries on the adjacent Dwelling Unit shall not be deemed a trespass so long as the repairs and reconstruction shall be done in a workmanlike manner, and consent is hereby deemed given to enter on the adjacent Dwelling Unit to effect necessary repairs and reconstruction.

#### 4.5. Common Property

The Common Property to be administered and ultimately owned by the Community Association shall consist of Parking Areas, Drives and Roadways, Landscaped Areas, Lakes, Landscape Buffers, Buffer Areas, Street Lights, Drainage Easements, Lake Maintenance Easements and Lake Access Easements (as those terms are defined in the Protective Covenants), which may constitute portions of the Subject Property.

#### 4.6. Rules and Regulations

The Association shall, from time to time, impose rules and regulations regulating the use and enjoyment of the Association Property and the Residential Property. The rules and regulations so promulgated shall, in all respects, be consistent with the provisions of the Documents.

### 5. MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION; BOARD; COMMUNITY ASSOCIATION

#### 5.1. Membership and Voting Rights

Membership in the Association shall be established and terminated as set forth in the Articles. Each Member shall be entitled to the benefit of, and be subject to, the provisions of the Documents. The voting rights of the Members shall be as set forth in the Articles.

#### 5.2. Board

The Association shall be governed by the Board, which shall be appointed, designated or elected, as the case may be, as set forth in the Articles.

#### 5.3. Community Association

The Owners shall also be members of the Community Association. The Community Association has been organized for the purpose of administering the covenants and obligations relating to the Common Property as set forth in the Protective Covenants. As members of the Community Association, all Owners acquire the benefits as to the use of the Common Property and the obligation to pay "Operating Expenses," as defined in the Protective Covenants.

### 6. COVENANT TO PAY ASSESSMENTS FOR NEIGHBORHOOD EXPENSES; ESTABLISHMENT OF LIENS; COLLECTION OF ASSESSMENTS; COLLECTION BY DEVELOPER; CERTAIN RIGHTS OF DEVELOPER AND INSTITUTIONAL MORTGAGEES

#### 6.1. Affirmative Covenant to Pay Assessments for Neighborhood Expenses

In order to: (i) fulfill the terms, provisions, covenants and conditions contained in the Documents; and (ii) maintain, operate and preserve the Association Property and Common Structural Elements for the use, safety, welfare and benefit of the Owners and their family members, guests, invitees and lessees, there is hereby imposed upon each Lot and each Owner, from and after the recordation of this Declaration in the Public Records, the affirmative covenant and obligation to pay

to the Association (in the manner herein set forth) all Assessments including, but not limited to, the Individual Lot Assessments, Guaranteed Assessments and Special Assessments. Each Owner by acceptance of a deed or other instrument of conveyance conveying a Lot within the Subject Property, whether or not it shall be so expressed in such deed or instrument, shall be obligated and agrees to pay to the Association all Assessments for Neighborhood Expenses in accordance with the provisions of the Documents.

#### 6.2. Establishment of Liens

Any and all Assessments made by the Association in accordance with the provisions of the Documents with Interest thereon and costs of collection including, but not limited to, Legal Fees, are hereby declared to be a charge and continuing lien upon each Lot against which each such Assessment is made. Each Assessment against a Lot, together with Interest thereon including, but not limited to, Legal Fees, shall be the personal obligation of the Owner of such Lot. Said lien shall be effective only from and after the time of the recordation amongst the Public Records of a written, acknowledged statement by the Association setting forth the amount due to the Association as of the date the statement is signed. Upon full payment of all sums secured by that lien, the party making payment shall be entitled to a satisfaction of the statement of lien in recordable form. Notwithstanding anything to the contrary herein contained, where an Institutional Mortgagee of record obtains title to a Lot as a result of foreclosure of its mortgage or deed in lieu of foreclosure, such acquirer of title, its successors or assigns, shall not be liable for the share of Assessments pertaining to such Lot or chargeable to the former Owner thereof which became due prior to the acquisition of title as a result of the foreclosure or deed in lieu thereof, unless the Assessment against the Lot in question is secured by a claim of lien for assessments that is recorded prior to the recordation of the mortgage which was foreclosed or with respect to which a deed in lieu of foreclosure was given.

#### 6.3. Collection of Assessments

In the event any Owner shall fail to pay any Assessment, or installment thereof, charged to such Owner within fifteen (15) days after the same becomes due, then the Association, through its Board, shall have any and all of the following remedies to the extent permitted by law, which remedies are cumulative and which remedies are not in lieu of, but are in addition to, all other remedies available to the Association:

6.3.1. To accelerate the entire amount of any Assessments for the remainder of the calendar year notwithstanding any provisions for the payment thereof in installments.

6.3.2. To advance on behalf of the Owner(s) in default funds to accomplish the needs of the Association, up to and including the full amount for which such Owner(s) is liable to the Association and the amount or amounts of monies so advanced, together with Interest and all costs of collection thereof including, but not limited to, Legal Fees, may thereupon be collected by the Association and such advance by the Association shall not waive the default.

6.3.3. To file an action in equity to foreclose its lien at any time after the effective date thereof. The lien may be foreclosed by an action in the name of the Association in like manner as a foreclosure of a mortgage on real property.

6.3.4. To file an action at law to collect said Assessments and Legal Fees, without waiving any lien rights or rights of foreclosure in the Association.

6.3.5. To charge Interest on such Assessment from the date it becomes due, together with a reasonable late charge as determined from time to time by the Board to defray additional collection costs.

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#### 6.4. Collection by Developer

In the event for any reason the Association shall fail to collect the Assessments, then, in that event, Developer shall at all times have the right (but not the obligation): (i) to advance such sums as the Association could have advanced as set forth above; and (ii) to collect such Assessments and, if applicable, any such sums advanced by Developer, using the remedies available to the Association against an Owner as set forth in Paragraph 6.3, which remedies (including, but not limited to, recovery of Legal Fees) are hereby declared to be available to Developer.

#### 6.5. Rights of Developer and Institutional Mortgagees to Pay Assessments and Receive Reimbursement

Developer and any Institutional Mortgagees shall have the right, but not the obligation, jointly or severally, and at their sole option, to pay any of the Assessments which are in default and which may or have become a charge against any Lots. Notwithstanding the foregoing, any Institutional Mortgagee who takes title to any Lot(s) shall pay any and all Assessments pursuant to Section 7 from and after the date of such acquisition. Further, Developer and any Institutional Mortgagees shall have the right, but not the obligation, jointly or singularly, and, at their sole option, to pay insurance premiums or fidelity bond premiums or other required items of Neighborhood Expenses on behalf of the Association where the same are overdue and where lapses in policies or services may occur. Developer and any Institutional Mortgagees paying overdue Neighborhood Expenses on behalf of the Association will be entitled to immediate reimbursement from the Association plus Interest and any costs of collection including, but not limited to, Legal Fees, and the Association shall execute an instrument in recordable form to this effect and deliver the original of such instrument to each Institutional Mortgagee who is so entitled to reimbursement and to Developer if Developer is entitled to reimbursement.

#### 6.6. Developer Exemption

Notwithstanding anything herein to the contrary, Developer shall not be liable for any Assessments as long as Developer pays all deficits in operation of the Association above the Assessments received from other Owners in accordance in paragraph 7.5 below. In calculating such deficit, only actual expenses (other than capital expenses and Reserves) shall be computed.

#### 6.7. Association to Collect Assessments Due the Community Association

The Association, at the request of the Community Association, shall collect all assessments for Operating Expenses due to the Community Association as set forth in the Protective Covenants and remit same to the Community Association. The assessments that Owners within the Subject Property shall pay to the Community Association will be based on the formula set out in the Protective Covenants. Likewise at the request of the Association, the Community Association may, but shall not be obligated to, collect Assessments for Association Expenses on behalf of the Association and, if so collected, remit same to the Association.

### 7. METHOD OF DETERMINING ASSESSMENTS AND ALLOCATION OF ASSESSMENTS

#### 7.1. Determining Amount of Assessments

The total anticipated Neighborhood Expenses for each calendar year shall be the sum necessary for the maintenance and operation of the Association Property and the Common Structural Elements as set forth in the budget prepared by the Board as required under the Documents. Each Completed Lot, each Partially Completed Lot, and each Uncompleted Lot shall be assessed its *pro rata* portion of the Neighborhood Expenses, which shall be the "Individual Lot Assessment" as to each Lot. The Individual Lot Assessment shall be based upon the level of service and state of the Lot's development, as follows:



(i) a Completed Lot Owner shall pay on a one hundred to one (100:1) ratio as compared to an Uncompleted Lot Owner; and

(ii) a Partially Completed Lot Owner shall pay on a ten to one (10:1) ratio as compared to an Uncompleted Lot Owner.

Therefore, the Neighborhood Expenses shall be divided by the total of the number of Completed Lots multiplied by one hundred (100), plus the number of Partially Completed Lots multiplied by ten (10), plus the number of Uncompleted Lots multiplied by one (1). The quotient thus arrived at shall constitute the "Individual Lot Assessment" for an Uncompleted Lot, said quotient multiplied by ten (10) shall be the Individual Lot Assessment for a Partially Completed Lot, and said quotient multiplied by one hundred (100) shall be the Individual Lot Assessment for a Completed Lot. The number of Completed Lots, Partially Completed Lots, and Uncompleted Lots shall be adjusted quarterly, as needed, as hereinafter set forth. At such time as Developer has completed all of the Dwelling Units, each Lot shall be a Completed Lot and the Individual Lot Assessment shall be equal for each Lot. Notwithstanding anything in the Documents to the contrary, any assessment for legal expenses incurred by the Association to begin legal proceedings against Developer shall be deemed a Neighborhood Expense which is the subject of a Special Assessment only, requiring the vote of the Members (as set forth in Paragraph 13.14 hereof) and not the subject of a regular Individual Lot Assessment.

### 7.2. Assessment Payments

The Individual Lot Assessments shall be payable monthly or quarterly, in advance, on the first day of each month or quarter of each year as determined by the Board. The Individual Lot Assessments, and the monthly or quarterly installments thereof, as well as all Assessments provided for herein and all installments thereof, shall be adjusted from time to time by the Board to reflect changes in the number and status of the Lots as to the number of Completed Lots, Partially Completed Lots, and Uncompleted Lots or changes in the budget or in the event that the Board determines that the Assessments or any installment thereof is either less than or more than the amount actually required. When a Lot becomes a Partially Completed Lot or a Completed Lot during a period with respect to which an Assessment or installment thereof has already been assessed, such Partially Completed Lot or Completed Lot shall be deemed assessed the amount of such Assessment or installment thereof which was assessed against Partially Completed Lots or Completed Lots, as applicable, in existence at the time of such Assessment, prorated from the date the Lot became a Partially Completed Lot through the end of the period in question, or from the date the Partially Completed Lot became a Completed Lot through the end of the period in question, as applicable. If the payment of such assessment or installment thereof was due at the time the Lot became a Completed Lot or prior thereto, said prorated amount thereof shall be immediately due and payable. Likewise, the amount paid with respect to such Partially Completed Lot or Completed Lot based upon the Lot's status as an Uncompleted Lot, prorated from the date the Uncompleted Lot became a Partially Completed Lot or a Completed Lot to the end of the period in question, shall be credited against such amount owed as a Partially Completed Lot or a Completed Lot.

### 7.3. Special Assessments

"Special Assessments" include, in addition to other Assessments designated as Special Assessments in the Documents, those Assessments which are levied for capital improvements which include the costs (whether in whole or in part) of constructing or acquiring improvements for, or on, the Association Property or the cost (whether in whole or in part) of reconstructing or replacing such improvements. Notwithstanding anything to the contrary herein contained, it is recognized and declared that Special Assessments shall be in addition to, and are not part of, any Guaranteed Assessment under any of the Documents and any such Special Assessments assessed against Lots and Owners thereof shall be paid by such Owners in addition to any such Guaranteed Assessments. Special Assessments shall be assessed in the same manner as the Individual Lot Assessment; provided, however, a Special Assessment for capital improvements may not be assessed to Developer or against Lots owned by Developer without the consent of Developer. Special Assessments shall be paid in such installments or in a lump sum as the Board shall, from

time to time, determine. The Board, in its sole discretion, may levy a Special Assessment in an amount up to One Hundred Thousand Dollars (\$100,000) in any calendar year without a vote of the Owners. The levying of any Special Assessment in an amount in excess of One Hundred Thousand Dollars (\$100,000) shall require the affirmative vote of at least two-thirds (2/3) of the Owners, represented in person or by proxy at a meeting called and held in accordance with the Bylaws, however, this requirement shall not apply in the following instances: (i) if the Special Assessment is against an Owner for failure to maintain such Owner's Lot or Dwelling Unit or for failure to perform such Owner's maintenance responsibilities; (ii) with respect to Special Assessments against Developer; (iii) with respect to a Special Assessment for the replacement or repair of a previously existing improvement on the Association Property which was destroyed or damaged, it being recognized that the sums needed for such capital expenditures shall be the subject of a Special Assessment pursuant to Section 8.10 hereinbelow; and (iv) with respect to Special Assessments to be levied as a result of a loss to Dwelling Units and Common Structural Elements in excess of Fifty Thousand Dollars (\$50,000), which shall be governed by the provisions of Section 9.7.3 hereinbelow.

#### 7.4. Liability of Owners for Individual Lot Assessments

By the acceptance of a deed or other instrument of conveyance of a Lot in the Subject Property, each Owner thereof acknowledges that each Lot and the Owners thereof are jointly and severally liable for their own Individual Lot Assessment and their applicable portion of any Special Assessments as well as for all Assessments for which they are liable as provided for herein. Such Owners further recognize and covenant that they are jointly and severally liable with the Owners of all Lots for the Neighborhood Expenses (subject to any specific limitations provided for herein such as, but not limited to, the limitation with respect to matters of Special Assessments and the limitations on the liability of Institutional Mortgagees and their successors and assigns). Accordingly, subject to such specific limitations, it is recognized and agreed by each Owner who is or becomes an Owner, for himself and herself and such Owner's heirs, executors, successors and assigns, that in the event Owners fail or refuse to pay their Individual Lot Assessments or any portion thereof or their respective portions of any Special Assessments or any other Assessments, then the other Owners may be responsible for increased Individual Lot Assessments or Special Assessments or other Assessments due to the nonpayment by such other Owners, and such increased Individual Lot Assessment or Special Assessment or other Assessment can and may be enforced by the Association and Developer in the same manner as all other Assessments hereunder as provided in the Documents.

#### 7.5. Guaranteed Assessment During Guarantee Period

Developer covenants and agrees with the Association and the Owners that for the period commencing with the date of recordation of this Declaration and ending upon the sooner to occur of the following: (i) the Turnover Date; or (ii) December 31, 1999 ("Guarantee Period"), that the annual Individual Lot Assessment not including any reserves will not exceed the amount set forth in the initial operating budget of the Association ("Guaranteed Assessment"), which budget will be based on full buildout of the Subject Property, as it may exist from time to time, and that Developer will pay the difference, if any, between the anticipated Neighborhood Expenses incurred by the Association during the Guarantee Period (other than those Neighborhood Expenses which are properly the subject of a Special Assessment and Neighborhood Expenses which may be incurred for "Cable Service" and/or "Monitored Alarm Service" as hereinafter defined and described) and the amounts assessed as Guaranteed Assessments against Lots. The Guaranteed Assessment does not include assessments levied by the Community Association for Operating Expenses. Thus, during the Guarantee Period, Owners shall not be obligated to pay Assessments other than the Guaranteed Assessment, Special Assessments, assessments by the Community Association for Operating Expenses, and Assessments for Neighborhood Expenses for Cable Service and/or Monitored Alarm Service, if any. Developer hereby reserves the right to amend this Declaration from time to time, at Developer's sole election, to extend the Guarantee Period to a date ending no later than the Turnover Date and to increase the dollar amount of the Guaranteed Assessment during any such extended Guarantee Period.

DECLARATION

After the Guarantee Period terminates, each Owner shall be obligated to pay Assessments as set forth in Paragraph 7.1 hereof.

7.6. Developer's Guaranteed Assessment Not the Obligation of Institutional Mortgagees

Notwithstanding anything to the contrary herein contained, it is specifically understood and declared and each Owner by the acceptance of a deed or other instrument of conveyance of a Lot within the Subject Property shall be deemed to have acknowledged and agreed that no Institutional Mortgagee (other than Developer) or any successors or assigns of such Institutional Mortgagee, or any person acquiring title to any part of the Subject Property by reason of the foreclosure by an Institutional Mortgagee or deed taken in lieu of such foreclosure shall be deemed to have made, assumed or otherwise undertaken any covenants or obligations of Developer: (i) to guarantee the level and/or duration of any Guaranteed Assessments provided for under any of the Documents; or (ii) to pay the difference between the actual Neighborhood Expenses and the Guaranteed Assessments, if any, assessed against Lots and the Owners thereof during the Guarantee Period as may be provided for in any of the Documents; provided, however, that an Institutional Mortgagee may, at its option, determine to continue the obligation of Developer to guarantee the amount of the Assessments as herein provided.

7.7. Working Fund Contribution

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Each Owner who purchases a Lot from Developer shall pay to the Association at the time legal title is conveyed to such Owner a "Working Fund Contribution." The Working Fund Contribution shall be an amount equal to a two months' share of the annual Neighborhood Expenses applicable to a Completed Lot pursuant to the initial budget. The purpose of the Working Fund Contribution is to ensure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment and services deemed necessary or desirable by the Board. Working Fund Contributions are not advance payments of Individual Lot Assessments and shall have no effect on future Individual Lot Assessments. Developer has the right to cause the Association to use the Working Fund Contributions to defray Neighborhood Expenses during the Guarantee Period.

7.8. Exempt Property

Any and all Lots or other portions of the Subject Property which may from time to time be withdrawn from the provisions of this Declaration by Developer shall be exempt from assessment under the provisions hereof.

8. NEIGHBORHOOD EXPENSES: CERTAIN ASSESSMENT CLASSIFICATIONS

The following expenses of the Association Property, the Common Structural Elements and of the Association are hereby declared to be Neighborhood Expenses which the Association is obligated to assess and collect and which the Owners are obligated to pay as provided herein or as may be otherwise provided in the Documents.

8.1. Taxes

Any and all taxes or special assessments levied or assessed at any and all times upon any Association Property or any improvements thereto or thereon by any and all taxing authorities, including, without limitation, all taxes, charges, assessments and impositions and liens for public improvements, special charges and assessments by water drainage districts, and in general all taxes and tax liens which may be assessed against the Association Property and against any and all personal property and improvements, which are now or which hereafter may be placed thereon, including any interest, penalties and other charges which may accrue thereon.

## 8.2. Utility Charges

All charges levied for utilities providing services for the Association Property or providing services for the Dwelling Units though not separately metered to such Dwelling Units, whether supplied by a private or public firm, including, without limitation, all charges for water, gas, electricity, telephone, sewer and any other type of utility or any other type of service charge.

## 8.3. Insurance

The premiums on any policy or policies of insurance required to be maintained under the Documents and the premiums on any policy or policies of insurance which the Association determines to maintain even if not required to be so maintained under the Documents.

## 8.4. Maintenance and Repair

Any and all expenses necessary to: (i) maintain and preserve the Association Property; (ii) maintain and repair the Common Structural Elements; (iii) keep, maintain, operate and repair any and all buildings, improvements, personal property and furniture owned by the Association, and fixtures and equipment upon the Association Property in a manner consistent with the development of the Subject Property and in accordance with the covenants and restrictions contained herein and in the Documents, and in conformity with all applicable federal, state, County or municipal laws, statutes, ordinances, orders, rulings and regulations; and (iv) maintain and repair the portions of the Subject Property which are the responsibility of the Association as provided for in the Documents or as delegated by the Community Association.

## 8.5. Administrative and Operational Expenses

The costs of administration for the Association in the performance of its functions and duties under the Documents including, but not limited to, costs for secretarial and bookkeeping services, salaries of employees, legal and accounting fees and contracting expenses. In addition, the Association may retain a management company or companies or contractors (any of which management companies or contractors may be, but are not required to be, a subsidiary, affiliate or an otherwise-related entity of Developer) to assist in the operation of the Association Property, or portions thereof, and to perform or assist in the performance of certain obligations of the Association under the Documents and the fees or costs of any management company or contractor so retained shall be deemed to be part of the Neighborhood Expenses.

## 8.6. Compliance with Laws

The Association shall take such action as it determines necessary or appropriate in order for the Association Property and Common Structural Elements and the improvements thereon to be in compliance with all applicable laws, statutes, ordinances and regulations of any governmental authority, whether federal, state or local, including, without limitation, any regulations regarding zoning requirements, setback requirements, drainage requirements, sanitary conditions and fire hazards, and the cost and expense of such action taken by the Association shall be a Neighborhood Expense.

## 8.7. Indemnification

The Association covenants and agrees that from and after the date hereof it will indemnify and hold harmless Developer, its shareholders, officers and directors from and against any and all claims, suits, actions, causes of action and/or damages arising from any personal injury, loss of life and/or damage to property sustained on or about the Association Property and improvements thereof and thereon, and from and against all costs, expenses, Legal Fees and liabilities incurred by Developer arising from any such claim, the investigation thereof, or the defense of any action or proceedings brought thereon, and from and against any orders, judgments and/or decrees which may be entered thereon. The Association shall also indemnify Developer for any expense Developer may incur in bringing any suit or action for the purpose of enforcing the rights of Developer under any

of the Documents or of compelling the specific enforcement of the terms, conditions and covenants contained in any of the Documents to be kept or performed by the Association or the Owners. The costs and expense of fulfilling this covenant of indemnification set forth in this Paragraph shall be a Neighborhood Expense.

#### 8.8. Failure or Refusal of Owners to Pay Assessments

Funds needed for Neighborhood Expenses due to the failure or refusal of Owners to pay Assessments levied shall, themselves, be deemed to be Neighborhood Expenses and properly the subject of an Assessment; provided, however, that any Assessment for any such sums so needed to make up a deficiency due to the failure of Owners to pay a Special Assessment shall, itself, be deemed to be a Special Assessment subject to the limitations thereon.

#### 8.9. Extraordinary Items

Extraordinary items of expense under the Documents such as expenses due to casualty losses and other extraordinary circumstances shall be the subject of a Special Assessment subject to the limitations thereon.

#### 8.10. Matters of Special Assessments Generally

Amounts needed for capital improvements, as hereinbefore set forth, or for other purposes or reasons as determined by the Board to be the subject of a Special Assessment which are not inconsistent with the terms of any of the Documents and which are One Hundred Thousand Dollars (\$100,000) or greater must also be approved by a two-thirds (2/3) vote of the Owners present at any Members' meeting having a quorum, except that no such approval need be obtained for a Special Assessment for the replacement or repair of a previously existing improvement on the Association Property which was destroyed or damaged, it being recognized that the sums needed for such capital expenditures shall be the subject of a Special Assessment.

#### 8.11. Costs of Reserves

The funds necessary to establish an adequate reserve fund ("Reserves") for periodic maintenance and repair of the Association Property and the Common Structural Elements and the facilities and improvements thereupon in amounts determined sufficient and appropriate by the Board from time to time may be included as a Neighborhood Expense by the Board, if it so determines, in the Association's annual budget; however, Reserves are not part of Operating Expenses. The Reserves shall be deposited in a separate account to provide such funds and reserves. The monies collected by the Association on account of Reserves shall be and shall remain the exclusive property of the Association and no Owner shall have any interest, claim or right to such reserves or any fund composed of same. Developer shall not be subject to any assessment for Reserves without its prior written consent. Notwithstanding the foregoing, nothing contained herein shall require the Board to collect Reserves from the Owners.

#### 8.12. Cable Television System

Any and all costs and expenses incurred by the Association under or pursuant to any agreement(s) ("Cable Agreement") entered into by the Association pursuant to which cable television service ("Cable Service") will be provided to all of the Dwelling Units on the Subject Property and whether or not the Cable Service includes features in addition to television reception such as, but not limited to, a smoke/heat detection system or other features; provided that notwithstanding anything to the contrary contained in this Declaration, the costs and expenses charged to the Association under the Cable Agreement shall be apportioned equally but only amongst those Dwelling Units with respect to which the Association is being charged under or pursuant to the Cable Agreement except to the extent, if any, that any Owner elects to receive an "Optional Service" (being a service not automatically received by all Owners entitled to receive Cable Service pursuant to the Cable Agreement). Each Owner who receives an Optional Service,

if any, shall be responsible for paying for the costs thereof. The foregoing shall in no way obligate Developer or the Association to enter into a Cable Agreement.

#### 8.13. Monitored Alarm System

Any and all costs and expenses incurred by the Association under or pursuant to any agreement(s) ("Monitored Alarm Agreement") entered into by the Association pursuant to which monitored alarm service ("Monitored Alarm Service") will be provided to all of the Dwelling Units on the Subject Property and whether or not the Monitored Alarm Service includes features in addition to perimeter monitored alarm services such as, but not limited to, a smoke/heat detection system, push button panels for emergency calls or other features; provided that notwithstanding anything to the contrary contained in this Declaration, the costs and expenses charged to the Association under the Monitored Alarm Agreement shall be apportioned equally but only amongst those Dwelling Units with respect to which the Association is being charged under or pursuant to the Monitored Alarm Agreement except to the extent, if any, that any Owner elects to receive an "Optional Service" (being a service not automatically received by all Owners entitled to receive Monitored Alarm Service pursuant to the Monitored Alarm Agreement). Each Owner who receives an Optional Service, if any, shall be responsible for paying for the costs thereof. The foregoing shall in no way obligate Developer or the Association to enter into a Monitored Alarm Agreement.

#### 8.14. Miscellaneous Expenses

The cost of any item of cost or expense pertaining to or for the benefit of the Owners, the Association or the Association Property, or any part thereof, not herein specifically enumerated and which is determined to be an appropriate item of Neighborhood Expense by the Board shall be a Neighborhood Expense.

### 9. INSURANCE AND CONDEMNATION

The Association shall purchase and maintain the following insurance coverages subject to the following provisions, and the cost of the premiums therefor shall be a part of the Neighborhood Expenses:

#### 9.1. Public Liability Insurance

A comprehensive policy or policies of general liability insurance naming the Association and, for so long as Developer owns any Lot, Developer as named insureds thereof and including the Owners as insureds thereunder insuring against any and all claims or demands made by any person or persons whomsoever for injuries received in connection with, or arising from, the operation, maintenance and use of the Association Property, if any, included within Town Homes I and any improvements and buildings located thereon and for any other risks insured against by such policies with limits of not less than One Million Dollars (\$1,000,000) for bodily injury and One Hundred Thousand Dollars (\$100,000) for property damage for any single occurrence. Such coverage shall include as appropriate, without limitation, protection against any legal liability that results from lawsuits related to employment contracts in which the Association is a party; bodily injury and property damage liability that results from the operation, maintenance or use of the Association Property and Common Structural Elements included within Town Homes I; water damage liability; liability for non-owned and hired automobiles; liability for property of others and such other risks as are customarily covered with respect to areas similar to the Association Property and Common Structural Elements included within Town Homes I in developments similar to Town Homes I in construction, location and use. The insurance purchased shall contain a "Severability of Interest endorsement" or equivalent coverage, which would preclude the insurer from denying the claim of an Owner because of the negligent acts of either the Association, Developer or any other Owners or deny the claim of either Developer or Association because of negligent acts of the other, or the negligent acts of an Owner. All liability insurance shall contain cross liability endorsements to cover liabilities of the Owners as a group to an Owner. Each Owner shall be responsible for the purchasing of liability insurance for accidents occurring in his or her own Dwelling Unit and, if the Owner so determines, for supplementing any insurance purchased by the Association.

Notwithstanding the foregoing, in the event the Board determines that the cost of public liability insurance is economically unwarranted, the Board may determine to either reduce the amount of such insurance, increase the deductible amount or discontinue coverage.

#### 9.2. Hazard Insurance

Each Owner shall be responsible for the purchase of casualty insurance for all of such Owner's personal property. The Association shall obtain casualty insurance with such coverage and in such amounts as it may determine from time to time for the purpose of providing casualty insurance coverage for all insurable property and improvements within the Association Property, and for the Buildings and Common Structural Elements, including Fire and Extended Coverage, Vandalism and Malicious Mischief Insurance, all of which insurance shall insure all of the insurable improvements on or within the Association Property, including personal property owned by the Association, in and for the interest of the Association, all Owners and their mortgagees, as their interests may appear, with a company (or companies) acceptable to the standards set by the Board. The Association shall purchase insurance for all buildings or equipment now located or which may hereafter be located, built or placed on the Association Property, if any, and for the Buildings and Common Structural Elements, in an amount equal to one hundred percent (100%) of the "Replacement Value" thereof. The term "Replacement Value" shall mean one hundred percent (100%) of the current replacement costs exclusive of land, foundation, excavation, items of personal property and other items normally excluded from coverage as determined annually by the Board. The Board may determine the kind of coverage and proper and adequate amount of insurance. The casualty insurance shall contain an "agreed amount endorsement" or its equivalent, "inflation guard endorsement," and, if determined necessary, an "increased cost of construction endorsement" or "continuant liability from operation of building laws endorsement" or a "demolition endorsement" or the equivalent. The casualty insurance shall insure the buildings from loss or damage caused by or resulting from at least the following: fire and other hazards covered by the standard extended coverage endorsement and by sprinkler leakage, windstorm, vandalism, malicious mischief, debris removal and demolition, and such other risks as shall customarily be covered with respect to projects or developments similar in construction, location and use.

#### 9.3. Flood Insurance

If determined appropriate by the Board or if required by an Institutional Mortgagee, a master or blanket policy of flood insurance covering the Association Property, if available, under the National Flood Insurance Program, or other flood program acceptable to the Board, which flood insurance shall be in the form of a standard policy issued by a member of the National Flood Insurers Association, and the amount of the coverage of such insurance shall be the lesser of the maximum amount of flood insurance available under such program, or one hundred percent (100%) of the current replacement cost of all buildings and other insurable property located in the flood hazard area.

#### 9.4. Form of Policy and Insurance Trustee

The Association may, to the extent possible and not inconsistent with the foregoing, obtain one (1) policy to insure any insurable improvements within Town Homes I operated by the Association and the Buildings and Common Structural Elements. The premiums for such coverage and other expenses in connection with said insurance shall be paid by the Association and assessed as part of the Individual Lot Assessment. The company (or companies) with which the Association shall place its insurance coverage, as provided in this Declaration, must be a good and responsible company (or companies) authorized to do business in the State of Florida. In addition, the insurance agent must be located in the State of Florida. The Association shall have the right to designate a trustee ("Insurance Trustee") and upon the request of the Institutional Mortgagee holding the highest dollar indebtedness encumbering Dwelling Units within Town Homes I ("Lead Mortgagee") shall designate an Insurance Trustee. Thereafter the Association from time to time shall have the right to change the Insurance Trustee to such other trust company authorized to conduct business in the State of Florida or to such other person, firm or corporation as Insurance Trustee as shall be acceptable to the Board and the Lead Mortgagee. The Lead Mortgagee shall have the right, for so

long as it holds the highest dollar indebtedness encumbering Dwelling Units within Town Homes I to approve: (i) the form of the insurance policies; (ii) the amounts thereof; (iii) the company or companies which shall be the insurers under such policies; (iv) the insurance agent or agents; and (v) the designation of the Insurance Trustee if it deems the use of an Insurance Trustee other than the Board to be necessary, which approval(s) shall not be unreasonably withheld or delayed; provided, however, for so long as Developer owns any Dwelling Unit(s), Developer shall have the right, but not the obligation, to require the Association to designate an Insurance Trustee other than the Board. Notwithstanding anything in this Declaration to the contrary, the Board may act as the Insurance Trustee hereunder unless otherwise required by the Lead Mortgagee or Developer. The Lead Mortgagee shall inform the Association by written notification if it requires the use of an Insurance Trustee other than the Board. If the use of an Insurance Trustee other than the Board is requested in writing, then the Lead Mortgagee shall be deemed to have approved the Insurance Trustee unless the Lead Mortgagee's written disapproval is received by the Association within thirty (30) days after notice from the Association of the identity of the proposed Insurance Trustee. If no Insurance Trustee is required, the Board shall receive, hold and expend insurance proceeds in the manner hereinafter provided as if it were the Insurance Trustee.

#### 9.5. Required Policy Provisions

All such aforesaid policies shall provide that they may not be canceled without at least ten (10) days' prior written notice to the Association and "Listed Mortgagees" (as hereinafter defined) and shall be deposited with the Insurance Trustee upon its written acknowledgment that the policies and any proceeds thereof will be held in accordance with the terms hereof. Said policies shall provide that all insurance proceeds payable on account of loss or damage shall be payable to the Insurance Trustee. In the event of a casualty loss, the Insurance Trustee may deduct from the insurance proceeds collected a reasonable fee for its service as Insurance Trustee. The Association is hereby irrevocably appointed agent for each Owner to adjust all claims arising under insurance policies purchased by the Association. The Insurance Trustee shall not be liable for payment of premiums, for the renewal or the sufficiency of the policies nor for the failure to collect any insurance proceeds. The Association may determine to act as Insurance Trustee, in which event references herein to Insurance Trustee shall refer to the Board.

#### 9.6. Restrictions of Mortgagees

No mortgagee shall have any right to participate in the determination of whether property is to be rebuilt, nor shall any mortgagee have the right to apply insurance proceeds to repayment of its loan unless such proceeds are distributed to Owners and/or their respective mortgagees.

#### 9.7. Distribution of Insurance Proceeds and Losses

The duty of the Insurance Trustee shall be to receive any and all proceeds from the insurance policies held by it and to hold such proceeds in trust for the Association, Owners and mortgagees under the following terms:

9.7.1. Loss to Dwelling Unit Alone. In the event a loss, insured under the policies held by the Insurance Trustee, occurs to any improvements within any of the Dwelling Units alone, without any loss to any other improvements within Town Homes I, the Insurance Trustee shall immediately pay all proceeds received because of such loss directly to the Owners of the Dwelling Units damaged and their mortgagees, if any, as their interests may appear, and it shall be the duty of these Owners to use such proceeds to effect necessary repair to the Dwelling Units. The Insurance Trustee, where other than the Association, may rely upon the written statement of the Association as to whether or not there has been a loss to the Dwelling Units alone, the Common Structural Elements or any combination thereof.

9.7.2. Loss of Fifty Thousand Dollars (\$50,000) or Less to Dwelling Units and Common Structural Elements. In the event that a loss of Fifty Thousand Dollars (\$50,000) or less occurs to improvements within one (1) or more Dwelling Units and to improvements within



Common Structural Elements contiguous thereto, or to improvements within the Common Structural Elements, the Insurance Trustee shall pay the proceeds received as a result of such loss to the Association. Upon receipt of such proceeds, the Association will cause the necessary repairs to be made to the improvements within the Common Structural Elements and within the damaged Dwelling Units. In such event, should the insurance proceeds be sufficient to repair the improvements within the Common Structural Elements but insufficient to repair all of the damage within the Dwelling Units, the proceeds shall be applied first to completely repair the improvements within the Common Structural Elements and the balance of the funds ("Balance") shall be apportioned by the Association to repair the damage to the improvements within Dwelling Units, which apportionment shall be made to each Dwelling Unit in accordance with the proportion of damage sustained to improvements within said Dwelling Units as estimated by the insurance company whose policy covers such damage. Any deficiency between the Balance apportioned to a damaged Dwelling Unit and the cost of repair shall be paid by a Special Assessment to the Association by the Owner of such damaged Dwelling Unit.

9.7.3. Loss in Excess of Fifty Thousand Dollars (\$50,000) to Dwelling Units and Common Structural Elements. In the event the Insurance Trustee receives proceeds in excess of the sum of Fifty Thousand Dollars (\$50,000) as a result of damages to the improvements within the Common Structural Elements and/or Dwelling Units and Common Structural Elements that are contiguous, then the Insurance Trustee shall hold, in trust, all insurance proceeds received with respect to such damage, together with any and all other funds paid as hereinafter provided, and shall distribute the same as follows:

(a) The Board shall obtain or cause to be obtained reliable and detailed estimates and/or bids for the cost of rebuilding and reconstructing the damage and for the purpose of determining whether insurance proceeds are sufficient to pay for the same.

(b) In the event the insurance proceeds are sufficient to rebuild and reconstruct all the damaged improvements, or upon the collection of the necessary funds that are described in subparagraph 9.7.3 (c) below, then the damaged improvements shall be completely repaired and restored. In this event, all payees shall deliver paid bills and waivers of mechanics' liens to the Insurance Trustee and execute affidavits required by law, by the Association, by any Institutional Mortgagee named on a mortgage endorsement or by the Insurance Trustee, and shall deliver the same to the Insurance Trustee. Further, the Association shall negotiate and obtain a contractor willing to do the work on a fixed price basis or some other reasonable terms under the circumstances, which said contractor shall post a performance and payment bond, and the Insurance Trustee shall disburse the insurance proceeds and other funds held in trust in accordance with the progress payments contained in the construction contract between the Association and the contractor. Subject to the foregoing, the Board shall have the right and obligation to negotiate and contract for the repair and restoration of the premises.

(c) In the event the insurance proceeds are insufficient to repair and replace all of the damaged improvements, the Board shall hold a special meeting to determine a Special Assessment against all of the Owners to obtain any necessary funds to repair and to restore such damaged improvements. Upon the determination by the Board of the amount of such Special Assessment, the Board shall immediately levy such Special Assessment against the Dwelling Units setting forth the date or dates of payment of the same, and any and all funds received from the Owners pursuant to such Special Assessment shall be delivered to the Insurance Trustee and disbursed as provided in subparagraph 9.7.3 (b) immediately preceding. In the event the deficiency between the estimated cost of the repair and replacement of the damaged property and the insurance proceeds exceeds the sum of Fifty Thousand Dollars (\$50,000), and two-thirds (2/3) of the Owners advise the Board in writing on or before the date for the first payment thereof that they are opposed to a Special Assessment, then the Insurance Trustee shall divide the net insurance proceeds equally among the Owners and shall promptly pay each share of such proceeds to the Owners and mortgagees of record as their interests may appear ("Insurance Proceeds Distribution"). In making any such Insurance Proceeds Distribution to the Owners and mortgagees, the Insurance Trustee may rely upon a certificate of an abstract company as to the names of the then Owners and their

respective mortgagees. Any Insurance Proceeds Distribution shall also require the approval of the Lead Mortgagee.

9.7.4. **Distribution of Excess Funds.** In the event that after the completion of and payment for the repair and reconstruction of the damage to the damaged property and after the payment of the Insurance Trustee's fee with respect thereto any excess insurance proceeds remain in the hands of the Insurance Trustee, then such excess shall be disbursed in the manner of the Insurance Proceeds Distribution. However, in the event such repairs and replacements were paid for by any Special Assessment as well as insurance proceeds, then it shall be presumed that the monies disbursed in payment of any repair, replacement and reconstruction were first disbursed from insurance proceeds and any remaining funds held by the Insurance Trustee shall be distributed to the Owners in proportion to their contributions by way of Special Assessment.

9.7.5. **Institutional Mortgagees.** In the event the Insurance Trustee has on hand, within ninety (90) days after any casualty or loss, insurance proceeds and, if necessary, funds from any Special Assessment sufficient to pay fully any required restoration and repair with respect to such casualty or loss, then no mortgagee shall have the right to require the application of any insurance proceeds or Special Assessment to the payment of its loan. Any provision contained herein for the benefit of any mortgagee may be enforced by a mortgagee.

9.7.6. **Repair of Damaged Property.** Any repair, rebuilding or reconstruction of damaged property shall be substantially in accordance with the architectural plans and specifications for Town Homes I, as: (i) originally constructed; (ii) reconstructed; or (iii) new plans and specifications approved by the Board; provided, however, any material or substantial change in new plans and specifications approved by the Board from the plans and specifications of Town Homes I as previously constructed shall require approval by the Lead Mortgagee.

9.7.7. **Determination of Damage.** The Board shall determine, in its sole and absolute discretion, whether damage or loss has occurred to improvements within Dwelling Units alone, Common Structural Elements alone or to improvements within any combination thereof.

9.7.8. **Insurance Amounts.** Notwithstanding anything in this Section 9 to the contrary, the amounts set forth for the purchase of insurance in this Section 9 are the minimum amounts to be purchased. Therefore, Owners or the Association, as the case may be, may purchase insurance in excess of the amounts set forth herein. The amounts set forth do not constitute a representation or warranty of any kind by Developer or the Association as to the proper amount or kinds of insurance required.

9.7.9. **Miscellaneous Policy Requirements.** Policies insuring the property within Town Homes I purchased pursuant to the requirements of this Section 9 shall provide that any insurance trust agreement shall be recognized; the right of subrogation against Owners will be waived; the insurance will not be prejudiced by any acts or omission of individual Owners who are not under the control of the Association; and the policy will be primary, even if an Owner has other insurance that covers the same loss.

9.7.10. **Master Form of Insurance.** Nothing contained herein shall prohibit the Association from obtaining a "Master" or "Blanket" form of insurance to meet the requirements of this Section 9, provided that the coverages required hereunder are fulfilled.

## 9.8. Fidelity Coverage

Adequate fidelity coverage to protect against dishonest acts of the officers and employees of the Association and the Directors and all others who handle and are responsible for handling funds of the Association (whether or not they receive compensation), such coverage to be in the form of fidelity bonds which meet the following requirements:

9.8.1. Such bonds shall name the Association as an obligee and premiums therefor shall be paid by the Association;

9.8.2. Such bonds shall be written in an amount equal to at least the sum of one-quarter (1/4) of the annual Assessments on all Lots, plus the Reserves, if any, but in no event less than Ten Thousand Dollars (\$10,000) for each such person; and

9.8.3. Such bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

Notwithstanding the foregoing, in the event the Association determines that the cost of such insurance is economically unwarranted or is not obtainable, the Association may determine to either reduce the amount of such insurance, increase the deductible amount or discontinue coverage.

#### 9.9. Cancellation or Modification

All insurance policies purchased by the Association shall provide that they may not be canceled (including for nonpayment of premiums) or substantially modified without at least ten (10) days prior written notice to the Association and to each first mortgage holder named in the mortgage clause.

#### 9.10. Condemnation

In the event the Association receives any award or payment arising from the taking of any Association Property or any part thereof as a result of the exercise of the right of condemnation or eminent domain, the net proceeds thereof shall first be applied to the restoration of such taken areas and improvements thereon to the extent deemed advisable by the Association and approved by Owners owning at least two-thirds (2/3) of the Lots, and the remaining balance thereof, if any, shall then be distributed *pro rata* to Owners and mortgagees of Lots as their respective interests may appear.

#### 9.11. Director's and Officer's Liability Coverage

In addition to the other insurance required under this Section 9, the Board shall obtain directors' and officers' liability insurance, if reasonably available.

#### 9.12. Insurance Proceeds

All Institutional Mortgagees acknowledge that any proceeds paid under any insurance policy as a result of damage to or destruction of a Dwelling Unit shall be utilized, to the extent necessary, toward the restoration of such Dwelling Unit and if such proceeds are insufficient therefor, the Owner in question may be responsible for such additional sums as are necessary to so restore the Dwelling Unit in question or may be subject to a Special Assessment therefor. Any repair, rebuilding or reconstruction shall be in accordance with the provisions of Paragraph 9.7 hereof.

### 10. EASEMENTS

#### 10.1. Recognition of Existing Easements

Each Owner, by acceptance of a deed or other instrument of conveyance, recognizes and consents to the easements reserved and/or granted with respect to the Subject Property under this Declaration.

#### 10.2. Grant and Reservation of Easements

Developer hereby reserves and grants the following perpetual easements over and across the Subject Property as covenants running with the Subject Property for the benefit of the Owners, the Association, the Community Association and Developer as hereinafter specified for the following purposes:

### 10.2.1. Utility and Services Easements

Easements are hereby granted to provide for installation, service, repair and maintenance of the equipment required to provide utility services including, but not limited to, power, electric transmission, television cable, monitored alarm systems, light, telephone, gas, water, sewer and drainage, and governmental services including reasonable rights of access for persons and equipment necessary for such purpose for the benefit of the appropriate utility companies, agencies, franchises or governmental agencies; provided that all facilities for any of the foregoing shall be installed underground except those above ground facilities as shall be permitted in writing by the Association.

### 10.2.2. Easement for Encroachment

An easement is hereby granted for encroachment in favor of an Owner in the event any portion of his or her Dwelling Unit or Common Structural Elements or appurtenant improvements such as a fence now or hereafter encroaches upon any of the Lots as a result of inaccuracies in survey, construction or due to settlement or movement or caused by changes in the building design or site plan, provided such changes have been approved by the appropriate governmental authorities. Such encroaching improvements installed by Developer shall remain undisturbed for so long as the encroachment exists. Any easement for encroachment shall include an easement for the maintenance and use of the encroaching improvements in favor of the Owner thereof or his or her designees.

### 10.2.3. Easement to Enter Upon Lots and Subject Property

(a) An easement is hereby granted for ingress and egress in favor of the Association, including the Board or the designees of the Board, to enter upon the Lots for the purpose of fulfilling its duties and responsibilities of ownership, maintenance and/or repair in accordance with the Documents, including, but not limited to, ingress, egress, pest control and the making of such repair, maintenance or reconstruction to prevent damage or risk of loss to other Owners.

(b) Developer shall have the right, but not the obligation, to conduct inspections of and tests on, from time to time, all or any part of the Subject Property and improvements thereon in order to ascertain the physical condition of the Subject Property and improvements thereon and to determine whether maintenance, repair or replacement of the Subject Property or improvements thereon is indicated. If Developer conducts any such tests or inspections, it shall pay all costs thereof, restore the affected portion of the Subject Property to its condition immediately prior to the inspections and tests, and shall indemnify the Association and the Home Owner(s) of any affected Dwelling Unit(s) within the Subject Property from any damages resulting therefrom. Developer hereby reserves the right of entry on, over, under, across and through the Subject Property as may be reasonably necessary for the foregoing purposes.

### 10.2.4. Easement Over Association Property

An easement of enjoyment is hereby granted in favor of all Owners, their family members, guests, invitees and lessees in aid to the Association Property, if any, which shall be appurtenant to and shall pass with title to every Lot, subject to the following:

(a) the right of the Association to suspend rights to use the Association Property of any Owner for any period during which Assessments against his or her Lot(s) remain unpaid;

(b) the right of the Association to grant permits, licenses and easements over the Association Property for utilities and other purposes reasonably necessary or useful for the proper maintenance or operating of the Subject Property; and

(c) all provisions set forth in the Documents.

If ingress and egress to any Dwelling Unit is through Association Property, any conveyance or encumbrance of such Association Property is subject to the Dwelling Unit Owner's easement for access.

#### 10.2.5. Drainage Easement Over Subject Property

An easement is hereby granted for drainage and flowage over and upon the Subject Property benefitting any contiguous lands owned by Developer, including, but not limited to, reasonable rights of access for persons and equipment to construct, install, maintain, alter, inspect, remove, relocate and repair underground water drainage and flowage pipes.

#### 10.2.6. Structural Cross Easements

Cross easements of support and use over, upon, across, under, through and into the Common Structural Elements are hereby granted in favor of the Association, the Owners or their designees for the continued use, benefit and enjoyment and continued support, service, maintenance, repair and design of all Dwelling Units and Common Structural Elements within any portion of the Subject Property.

#### 10.3. Assignments

The easements reserved hereunder may be assigned by Developer or the Association in whole or in part to any City, County or state government or agency thereof, or any duly licensed or franchised public utility, or any other designee of Developer. The Owners hereby authorize Developer and/or the Association to execute, on their behalf and without further authorization, such grants of easement or other instruments as may from time to time be necessary to grant easements over and upon the Subject Property or portions thereof in accordance with the provisions of this Declaration subject to the limitations set forth in Paragraph 10.4.

#### 10.4. Limitation of Easements

No such easements shall be permitted or deemed to exist which cause any buildings, permanent structures or other permanent facilities within the Subject Property which have been constructed: (i) in accordance with the Documents; and (ii) prior to the use of such an easement; to be materially altered or detrimentally affected thereby nor shall any such easements be granted or deemed to exist under any such structures or buildings so built in accordance with the Documents prior to the actual use of such easement. The foregoing shall not preclude such easements under then-existing improvements other than buildings or structures (such as, but not limited to, a fence or driveway) provided that the use and enjoyment of the easement and installation of the facilities in connection therewith would not result in other than minor, temporary alterations to such improvements other than a building or structure (including, but not limited to, temporary alteration or removal of a fence or a temporary excavation within a driveway) and provided that same is repaired and/or restored, as the case may be, by the one making use of such easement at its expense and within a reasonable time thereafter.

Notwithstanding anything in this Declaration to the contrary, all easement rights reserved or granted to Developer shall terminate upon Developer no longer holding any Lots or Dwelling Units, or interests in such on the Subject Property, except for the easement right of Developer set forth in Paragraph 10.2.5 hereof. In addition, the easement rights granted or reserved by Developer hereunder are not to be construed as creating an affirmative obligation to act on the part of Developer.

## 11. OCCUPANCY AND USE RESTRICTIONS

### 11.1. Occupancy and Use Restrictions.

For purposes of this Article 11, unless the context otherwise requires, Owner shall also include the family, invitees, guests, licensees, lessees and sublessees of any Owner, and any other permitted occupants of a Dwelling Unit.

#### 11.1.1. Single-Family Use

The Dwelling Units shall be the only dwellings constructed on the Residential Property. The Dwelling Units shall be for single-family use only. No commercial occupation or activity may be carried on the Subject Property except as such occupation or activity is permitted to be carried on by Developer under this Declaration. A family is defined to mean any number of persons related by blood, marriage or adoption or not more than three (3) unrelated persons living as a single housekeeping unit. No Dwelling Unit may be rented for a term of less than thirty (30) days. No portion of a Dwelling Unit (other than an entire Dwelling Unit) may be rented. All leases of Dwelling Units shall provide that the Community Association shall have the right to terminate the lease upon default by the tenant in observing any of the provisions of the Protective Covenants, or of any other agreement, document or instrument governing the Dwelling Units. The Owner of a leased Dwelling Unit shall be jointly and severally liable with his or her tenant to the Community Association and to the Association to pay any claim for injury or damage to property caused by the negligence of the tenant. Every lease of a Dwelling Unit shall be subordinated to any lien filed by the Community Association or the Association whether before or after such lease was entered into. Rules, whether adopted by the Community Association, the Association, or otherwise, shall not further limit the rental of Dwelling Units.

#### 11.1.2. Maintenance of Property

The Lot and improvements thereon shall be kept in a good, safe, clean, neat and attractive condition. No refuse or unsightly objects shall be allowed to be placed or permitted to remain anywhere thereon. During construction of a Dwelling Unit or other improvement upon any portion of the Subject Property, the Owner thereof shall be required to maintain said property in a clean condition and to provide receptacles for the disposal of trash and rubbish as well as other construction debris. All such construction debris, refuse, unsightly objects and waste on a portion of the Subject Property must be removed within thirty (30) days after the completion of construction of the improvement on such portion of the Subject Property, as evidenced by issuance of a certificate of occupancy, if applicable.

#### 11.1.3. Swales

No Owner shall plant any trees or shrubs or the like in or on a swale area, nor shall any Owner alter the slope of the swales or take any other action which may impede the drainage system and the flowage of water.

#### 11.1.4. Temporary Buildings, Etc.

No tents, trailers, shacks or other temporary buildings or structures shall be constructed or otherwise placed upon the Subject Property except in connection with construction, development, leasing or sales activities permitted under the Documents. No temporary structure may be used as a Dwelling Unit.

#### 11.1.5. Boats, Recreational Vehicles and Commercial Vehicles

In addition to the vehicle and boat restrictions in the Protective Covenants, the Board may adopt rules and regulations from time to time regulating and limiting the size, weight and type and the place and manner of operation of vehicles and boats on the Subject Property.

#### 11.1.6. Garages

Each Dwelling Unit shall have an attached garage. All garages shall be used exclusively for parking. No garage shall be erected which is separate from the Dwelling Unit. No garage shall be permanently enclosed so as to make such garage unusable by a vehicle, and no portion of a garage originally intended for the parking of a vehicle shall be converted into a living space or storage area. No individual air conditioning units which are visible from outside the Dwelling Unit shall be permitted in a garage. All garage doors shall remain closed when vehicles are not entering or leaving the garage.

#### 11.1.7. Signs

Owners, other than Developer, shall not display any other sign, advertisement or notice of any type in Town Homes I except as may be previously and specifically approved in writing by the Community Association Architectural Control Committee and by the Board; provided, however, approval of the Community Association Architectural Control Committee and by the Board shall not be required to display "For Sale" signs.

#### 11.1.8. Animals and Pets

Only common household pets (i.e., dogs, cats, birds, and fish) may be kept, but no more than three (3) dogs per home, in no event for the purpose of breeding or for any commercial purposes whatsoever, and in no event in violation of zoning or any other restrictions of the City. No other animals, livestock or poultry of any kind shall be kept, raised, bred or maintained. Permitted pets shall only be kept subject to and in accordance with such rules and regulations as shall be promulgated from time to time by the Association. Under no circumstances may a pit bull be permitted. Any pet must be carried or kept on a leash when outside of a Dwelling Unit or fenced-in area. No pet shall be kept outside or in any screened area unless someone is present for supervision.

Any pet must not be an unreasonable nuisance or annoyance. All Owners shall immediately pick up and remove any solid animal waste deposited by his or her pet. If any pet interferes with the Association's maintenance responsibility, the applicable pet owner will be required to assume the obligations for such maintenance, without reduction in Assessments for Neighborhood Expenses.

Each Owner who determines to keep a pet thereby agrees to indemnify the Association and Developer, and hold them harmless against any loss or liability of any kind or character whatsoever arising from or growing out of the Owner's having any animal on the Subject Property.

#### 11.1.9. Additions and Alterations

No Dwelling Unit shall be enlarged by any addition thereto or to any part thereof, and no Owner shall make any improvement, addition or alteration to the exterior of his or her Dwelling Unit, including, without limitation, the painting, staining or varnishing of the exterior of the Dwelling Unit and the addition of screens or screen doors or enclosures, without the prior written approval of the Architectural Control Committee of the Community Association and the Association, which approval may be withheld for purely aesthetic reasons.

#### 11.1.10. Plans and Specifications

Any repair, rebuilding or reconstruction on account of casualty or other damage to any Dwelling Unit shall be substantially in accordance with the plans and specifications for such property as originally constructed or with new plans and specifications approved by the Architectural Control Committee of the Community Association and the Association. The Architectural Control Committee of the Community Association and the Association make no

representations or warranties regarding the approval of new plans and specifications and, thus, assume no liability in this regard.

11.1.11. Barbecues

Owners shall be permitted to locate and use barbecues only upon their respective Lots behind their respective Dwelling Units; provided, however, that such barbecues shall not be placed so as to interfere with lawn service and that barbecuing shall be subject to such rules and regulations as may be promulgated from time to time by the Board.

11.1.12. Increase in Insurance Rates

No Owner may engage in any action which may reasonably be expected to result in an increase in the rate of any insurance policy or policies covering or with respect to any portion of the Subject Property not owned by such Owner.

11.1.13. Water Supply

No wells or individual water supplies shall be permitted for drinking purposes or household use.

11.1.14. Mailboxes and Other Delivery Boxes

Until determined otherwise by the Association and the United States Postal Service, mailboxes shall not be installed without the prior written consent of the Association, which consent may be withheld based on purely aesthetic reasons.

11.1.15. Clotheslines

No clotheslines or clothes drying on any Lot, which is visible from outside of such Lot, shall be undertaken or permitted on the Subject Property.

11.1.16. Fencing

No fencing other than the fencing installed by Developer, and any replacement thereof, may be placed on the Subject Property, including the Lots, without the prior written approval of the Architectural Control Committee of the Community Association, and the Association, which may be withheld for purely aesthetic reasons.

11.1.17. Landscaping

NO LANDSCAPING WHATSOEVER SHALL BE PERMITTED WITHOUT THE WRITTEN PERMISSION OF THE BOARD AND THE BOARD OF THE COMMUNITY ASSOCIATION because there are underground utilities which may present a hazard. If an Owner wishes to landscape an area which is located upon a utility easement, such Owner must obtain the appropriate approval for the landscaping from the provider of the utility service in addition to Board approval. Further, Owners shall not be permitted to plant shrubbery and flowering plants ("Plantings") within existing flower beds without the prior written consent of the Board. Plantings which have been approved by the Board shall be maintained by the Owners.

11.2. Certain Rights of Developer

The provisions, restrictions, terms and conditions of this Section 11 shall not apply to Developer as an Owner.



12. MAINTENANCE AND REPAIR OF THE SUBJECT PROPERTY

In order to further establish and preserve the Subject Property, each Owner covenants and shall be obligated at all times to maintain portions of his or her Dwelling Unit (including, but not limited to, all glass and screens in windows and doors) in a neat, aesthetically pleasing manner, in proper condition and good repair. If an Owner is merely the owner of a Lot without a Dwelling Unit thereon, the Owner thereof shall be required to maintain his or her Lot in an aesthetically pleasing manner.

12.1. By Owners

The responsibility of an Owner is as follows:

12.1.1. Maintenance and Repair

Owners shall maintain in good condition, and repair and replace at such Owner's expense, portions of such Owner's Dwelling Unit and improvements thereon, including any screening on any porch, all window panes and all interior surfaces within the Dwelling Unit (such as the surfaces of the walls, ceilings and floors); and maintain and repair the fixtures therein, including the air conditioning equipment serving the Dwelling Unit; and pay for any utilities which are separately metered to such Owner's Dwelling Unit. Every Owner must promptly perform all maintenance and repair work within such Owner's Dwelling Unit, as aforesaid, which if not performed would affect any other portion of Waterways or a Dwelling Unit or Lot belonging to another Owner. Each Owner shall be expressly responsible for the damages and liabilities that such Owner's failure to perform the above-mentioned responsibilities may engender. Said Dwelling Unit shall be maintained and repaired in accordance with the building plans and specifications utilized by Developer, except for changes or alterations approved by the Association and the Architectural Control Committee of the Community Association as provided in this Declaration.

12.1.2. Alterations

Owners shall not: (i) make any alterations in any improvement or landscaping within the Association Property; (ii) remove any portion thereof or make any additions thereto; or (iii) do anything which would or might jeopardize or impair the safety or soundness of the Association Property or which, in the sole opinion of the Association, would detrimentally affect the architectural design of a Building within the Subject Property without first obtaining the written consent of the Association.

12.1.3. Painting and Association Approval

Owners shall not paint, refurbish, stain, alter, decorate, repair, replace or change the improvements on their Lots, the Association Property or the Common Structural Elements (except for replacing window panes or screening), etc. without the prior written approval of the Association and the Architectural Control Committee of the Community Association. Owners shall not have any exterior lighting fixtures, window screens, screen doors, awnings, hurricane shutters, hardware or similar items installed which are not consistent with the general architecture of the Dwelling Unit as determined by the Association without first obtaining specific written approval of the Association and the Architectural Control Committee of the Community Association. The Association shall not grant approval if, in its opinion, the effect of any of the items mentioned herein will be unsightly.

12.1.4. Duty to Report

Owners shall promptly report to the Association or its agents any defect or need for repairs, the responsibility for the remedying of which lies with the Association.

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#### 12.1.5. Rights of Developer and Association

In the event any Owner fails to properly maintain such Owner's Lot and/or Dwelling Unit pursuant to this Declaration ("Defaulting Owner"), the Association or Developer shall have the right but not the obligation, upon fifteen (15) days written notice, to enter the property of the Defaulting Owner for the purpose of performing the maintenance referred to, set forth and described in the notice. The determination of whether an Owner is failing to properly maintain property for which he or she has maintenance responsibility shall be determined in the sole discretion of the Association or Developer. The cost of performing such maintenance and the expenses of collection (if any), together referred to herein as the "Remedial Maintenance Fee," and Legal Fees, shall be assessed against the Defaulting Owner.

Any Remedial Maintenance Fee, including Interest thereon, and Legal Fees as herein provided, are hereby declared to be a charge on each Lot and shall be a continuing lien upon the Lot or Dwelling Unit against which the Remedial Maintenance Fee is assessed. A Defaulting Owner shall also be personally liable to the Association or Developer, as the case may be, for the payment of the Remedial Maintenance Fee assessed such Owner plus Interest and Legal Fees. In the event the amounts assessed against a Defaulting Owner are not paid within twenty (20) days of the date of the assessment, the Association or Developer, as the case may be, may proceed to enforce and collect said assessments against such Defaulting Owner in any manner provided for by the laws of the State of Florida, including foreclosure and sale of a Defaulting Owner's Lot and improvements thereon, if any, or Dwelling Unit. The lien created hereby shall be effective only from and after the time of recordation amongst the Public Records, of a written, acknowledged statement signed by an authorized agent of the Association or Developer setting forth the amount due. All sums expended shall earn Interest. Upon full payment of all sums secured by the lien, the party making payment shall be entitled to a recordable satisfaction of lien.

Notwithstanding the aforesaid, the provisions of this Section 12 may also be enforced in accordance with the provisions of Section 6 hereof.

#### 12.1.6. Liability for Actions

An Owner shall be liable for the expense incurred by the Association of any maintenance, repair or replacement of any real or personal property within Town Homes I and rendered necessary by such Owner's act, neglect or carelessness, or by that of such Owner's lessee or any member of their families, or their guests, employees or agents (normal wear and tear excepted) but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. An Owner shall also be liable for any personal injuries caused by such Owner's negligent acts or those of such Owner's lessee or any member of their families, or their guests, employees or agents. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

#### 12.2. By the Association

The responsibility of the Association is as follows:

##### 12.2.1. Maintenance and Repair

The Association shall repair, maintain and replace any and all improvements and facilities located upon the Association Property, if any, and the Common Structural Elements within Town Homes I, as otherwise provided herein, including, but not limited to, maintaining, repairing and replacing utility services, but excluding therefrom appliances and plumbing fixtures within a Dwelling Unit. Maintenance includes, but is not limited to, the following: cleanup, landscape care and replacement, lawn care, chemical treatment and other services related to Association Property, swales, painting and structural upkeep of the Association Property and the exteriors of the Dwelling Units, including but not limited to Roofing, and roadways, sidewalks, and driveways within the Subject Property. The Association may, to the extent permitted by the appropriate government authority, also provide maintenance of all City, County, district or municipal

properties which are located within or in a reasonable proximity to the Subject Property to the extent that their deterioration or unkempt appearance would adversely affect the appearance of the Subject Property. The Association may be responsible for the maintenance of Common Property.

#### 12.2.2. Maintenance of Landscaping

The Association shall maintain and care for any lawns and all landscaping which are encompassed within the Lot. "Maintenance and care" within the meaning of this subparagraph shall include routine fertilizing and spraying of lawns and landscaping, mowing, and edging of sod and landscaping so that at a minimum the initial landscaping for the Lot shall be maintained, all in accordance, however, with the PUD and other governmental requirements.

#### 12.2.3. Failure of Owners to Perform Maintenance

In the event that an Owner fails to maintain those portions of Town Homes I which an Owner is required to maintain in accordance with this Declaration, the Association shall have the right, but not the obligation, upon thirty (30) days' written notice to the Owner, to enter upon the Subject Property for the purpose of performing the maintenance and/or repairs described in such notice to Owner. The cost of performing such maintenance and/or repairs and the expense of collection (including, but not limited to, Legal Fees) shall be assessed by the Association against Owner as a Remedial Maintenance Fee.

### 13. GENERAL PROVISIONS

#### 13.1. Conflict with Other Documents

In the event of any conflict between the provisions hereof and the provisions of the Articles and/or Bylaws and/or rules and regulations promulgated by the Association, the provisions of this Declaration shall control. In the event of a conflict between the provisions hereof and the provisions of the Protective Covenants, the provisions of the Protective Covenants shall control.

#### 13.2. Notices

Any notice or other communication required or permitted to be given or delivered hereunder shall be deemed properly given and delivered upon the mailing thereof by United States mail, postage prepaid, to: (i) any Owner, at the address of the person whose name appears as the Owner on the records of the Association at the time of such mailing and, in the absence of any specific address, at the address of the Dwelling Unit owned by such Owner; and (ii) the Association, certified mail, return receipt requested, at 3323 West Commercial Boulevard, Suite #100, Fort Lauderdale, Florida 33309, or such other address as the Association shall hereinafter notify Developer and the Owners of in writing; and (iii) Developer, certified mail, return receipt requested, at 3323 West Commercial Boulevard, Suite #100, Fort Lauderdale, Florida 33309, or such other address or addresses as Developer shall hereafter notify the Association of in writing, any such notice to the Association of a change in Developer's address being deemed notice to the Owners. Upon request of an Owner, the Association shall furnish to such Owner the then current address for Developer as reflected by the Association records.

#### 13.3. Enforcement

The covenants and restrictions herein contained may be enforced by Developer (so long as Developer holds an equitable or legal interest in any Lot and/or Dwelling Unit), the Association, any Owner and any Institutional Mortgagee holding a mortgage on any portion of the Subject Property in any judicial proceeding seeking any remedy recognizable at law or in equity, including damages, injunction or any other form of relief against any person, firm or entity violating or attempting to violate any covenant, restriction or provision hereunder. The failure by any party to enforce any such covenant, restriction or provision herein contained shall in no event be deemed a waiver of such covenant, restriction or provision or of the right of such party to thereafter enforce

such covenant, restriction or provision. The prevailing party in any such litigation shall be entitled to all costs thereof including, but not limited to, Legal Fees.

In addition to the foregoing, the Association may suspend, for a reasonable period of time, the rights of an Owner or an Owner's tenants, guests, or invitees, or both, to use Association Property and facilities and may levy reasonable fines, not to exceed Fifty Dollars (\$50.00) per violation, or the maximum amount then permitted by law, whichever is greater, against any Owner or any Owner's tenant, guest or invitee, subject to the following:

- (a) A fine or suspension may not be imposed without notice of at least fourteen (14) days to the person sought to be fined or suspended and an opportunity for a hearing before a committee of at least three (3) members appointed by the Board who are not officers, directors, or employees of the Association, or the spouse, parent, child, brother or sister of an officer, director, or employee of the Association. If the committee, by majority vote, does not approve a proposed fine or suspension, it may not be imposed.
- (b) Notice and hearing as provided in subparagraph (a) above shall not be required with respect to the imposition of suspensions or fines upon any Owner because of such Owner's failure to pay to the Association Assessments or other charges when due.
- (c) Suspension of Association Property use rights shall not impair the right of an Owner or tenant of a Lot and/or Dwelling Unit to have vehicular and pedestrian ingress to and egress from such Lot and/or Dwelling Unit, including, but not limited to, the right to park.
- (d) Fines shall be paid not later than five (5) days after notice of the imposition of the fine.
- (e) Fines shall be treated as an Assessment subject to the provisions for the collection of Assessments as set forth in Article 6 herein.

#### 13.4. Captions, Headings and Titles

Section and Paragraph captions, headings and titles inserted throughout this Declaration are intended as a matter of convenience only and in no way shall such captions, headings or titles define, limit or in any way affect the subject matter or any of the terms and provisions thereunder or the terms and provisions of this Declaration.

#### 13.5. Context

Whenever the context so requires or admits, any pronoun used herein may be deemed to mean the corresponding masculine, feminine or neuter form thereof, and the singular form of any nouns and pronouns herein may be deemed to mean the corresponding plural form thereof and vice versa.

### 13.6. Severability

In the event any of the provisions of this Declaration shall be deemed invalid by a court of competent jurisdiction, said judicial determination shall in no way affect any of the other provisions hereof, which shall remain in full force and effect, and any provisions of this Declaration deemed invalid by a court of competent jurisdiction by virtue of the term or scope thereof shall be deemed limited to the maximum term and scope permitted by law. In the event that any court should hereafter determine that any provision of this Declaration is in violation of the rule of property known as the "rule against perpetuities" or any other rule of law because of the duration of a time period, such provision shall not thereby become invalid, but instead the duration of such time period shall be reduced to the maximum period allowed under such rule of law, and in the event the determination of the duration of such time period requires measuring lives, such measuring life shall be that of the incorporator of the Association.

### 13.7. Certain Rights of Developer

Notwithstanding anything to the contrary herein contained, no improvements constructed or installed by Developer shall be subject to the approval of the Association or the provisions and requirements of this Declaration, although it is the intent of Developer to create a community with a common scheme of development. Notwithstanding the other provisions of this Declaration, Developer reserves and Developer and its nominees shall have the right to enter into and transact on the Subject Property any business necessary to consummate the sale, lease or encumbrance of Dwelling Units or real property in Town Homes I or in any other community being developed by Developer now or in the future, including, but not limited to, the right to maintain models and a sales and/or leasing office, place signs, employ sales and leasing personnel, use the Association Property and show Dwelling Units, and Developer reserves and shall have the right to make repairs to the Association Property and to carry on construction activity for the benefit of the Subject Property. Developer and its nominees may exercise the foregoing rights without notifying the Association. Any such models, sales and/or leasing office, signs and any other items pertaining to such sales or leasing efforts shall not be considered a part of the Association Property and shall remain the property of Developer. This Paragraph 13.7 may not be suspended, superseded or modified in any manner by any amendment to this Declaration unless such amendment is consented to in writing by Developer. This right of use and transaction of business as set forth herein, and the other rights reserved by Developer in the Documents, may be assigned in writing by Developer in whole or in part. For the purposes of this Paragraph 13.7, the term "Developer" shall include any "Lender" which has loaned money to Developer to acquire or construct improvements upon the Subject Property or its successors and assigns if such Lender, its successors or assigns, acquires title to any portion of the Subject Property as a result of the foreclosure of any mortgage encumbering any portion of the Subject Property securing any such loan to Developer or acquires title thereto by deed in lieu of foreclosure. The rights and privileges of Developer as set forth in this Paragraph 13.7, which are in addition to, and are no way a limit on, any other rights or privileges of Developer under any of the Documents, shall terminate upon Developer no longer owning any portion of the Subject Property (and having any equitable or legal interest therein) or upon such earlier date as Developer shall notify the Association in writing of Developer's voluntary election to relinquish the aforesaid rights and privileges.

### 13.8. Disputes as to Use

In the event there is any dispute as to whether the use of the Subject Property or any portion or portions thereof complies with the covenants, restrictions, easements or other provisions contained in this Declaration, such dispute shall be referred to the Board, and a determination rendered by the Board with respect to such dispute shall be final and binding on all parties concerned therewith. Notwithstanding anything to the contrary herein contained, any use by Developer of the Subject Property or any parts thereof in accordance with this Paragraph 13.8 shall be deemed a use which complies with this Declaration and shall not be subject to a contrary determination by the Board.

### 13.9. Amendment and Modification

The process of amending or modifying this Declaration shall be as follows:

13.9.1. This Declaration may be amended by: (i) the consent of the Owners owning two-thirds (2/3) of all Lots, together with (ii) the approval or ratification of a majority of the Board. The aforementioned consent of two-thirds (2/3) of the Owners may be evidenced by a writing signed by the required number of Owners or by the affirmative vote of the required number of Owners at any regular or special meeting of the Association called and held in accordance with the Bylaws evidenced by a certificate of the Secretary or an Assistant Secretary of the Association.

13.9.2. Notwithstanding anything to the contrary contained herein, Developer reserves the right to amend the Declaration and any exhibits thereto so as to correct any scrivener's or other errors or omissions not affecting the rights of Owners, lienors or mortgagees. Such amendment need be executed and acknowledged only by Developer and need not be approved by the Association, Owners, lienors or mortgagees, whether or not elsewhere required for amendment. Such right shall pass to the Board after Developer no longer owns any portion of the Subject Property.

13.9.3. Notwithstanding anything to the contrary herein contained, no amendment or supplement to this Declaration shall be effective which shall impair or prejudice the rights or priorities of Developer, the Association or of any Institutional Mortgagee under the Documents without the specific written approval of such Developer, Association and/or Institutional Mortgagee affected thereby. Notwithstanding anything to the contrary contained herein, no amendment to this Declaration shall be effective which shall eliminate or modify the provisions of Paragraph 13.14 and any such amendment shall be deemed to impair and prejudice the rights of Developer hereunder.

Notwithstanding anything contained herein to the contrary, as long as the "Class B membership" (as described in the Articles) exists, the following actions require the prior approval of FHA and/or VA if the Town Homes I is a project approved by FHA and/or VA: annexation of additional properties, dedication of common area, mergers and consolidations, dissolution and amendment to the Articles.

13.9.4. Notwithstanding anything contained herein to the contrary, Developer may, without the consent of the Owners, file any amendment which may be required by an Institutional Mortgagee for the purpose of satisfying its Planned Unit Development criteria or such criteria as may be established by such mortgagee's secondary mortgage market purchasers, including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Veteran's Administration and the Federal Housing Administration or the Department of Housing and Urban Development, provided, however, that any such Developer filed amendments must be in accordance with any applicable rules, regulations and other requirements promulgated by the United States Department of Housing and Urban Development.

13.9.5. Any amendment to this Declaration which would affect surface water management on the Subject Property must be joined in and consented to by the South Florida Water Management District (or its successor) in order to be effective.

13.9.6. A true copy of any amendment to this Declaration shall be sent certified mail by the Association to Developer and to all Institutional Mortgagees holding a mortgage on any portion of the Subject Property requesting notice. The amendment shall become effective upon the recording of a Certificate of Amendment to this Declaration setting forth the amendment or modification amongst the Public Records.

### 13.10. Delegation

The Association, pursuant to a resolution duly adopted by the Board, shall have the continuing authority to delegate all or any portion of its responsibilities for maintenance, operation and administration, as provided herein, to any managing agency or entity selected by the Board from time to time and whether or not related to Developer.

### 13.11. Term

This Declaration and the terms, provisions, conditions, covenants, restrictions, reservations, regulations, burdens and liens contained herein shall run with and bind the Subject Property and inure to the benefit of Developer, the Association, Owners, and their respective legal representatives, heirs, successors and assigns for a term of ninety-nine (99) years from the date of recording this Declaration amongst the Public Records, after which time this Declaration shall be automatically renewed and extended for successive periods of ten (10) years each unless at least one (1) year prior to the termination of such ninety-nine (99)-year term or any such ten (10)-year extension there is recorded amongst the Public Records an instrument agreeing to terminate this Declaration signed by Owners owning two-thirds (2/3) of the Lots and Institutional Mortgagees holding first mortgages encumbering two-thirds (2/3) of all Lots encumbered by first mortgages held by Institutional Mortgagees, upon which event this Declaration shall be terminated upon the expiration of the ninety-nine (99)-year term or the ten (10)-year extension during which such instrument was recorded.

### 13.12. Rights of Mortgagees

#### 13.12.1. Right to Inspect Books, Records and Financial Statements

The Association shall make available for inspection and/or photocopying within ten (10) business days of written request therefor, during normal business hours or under reasonable circumstances, the Documents and the books, records and financial statements of the Association to Owners and the holders, insurers or guarantors of any first mortgages encumbering any portion of the Subject Property. Any photocopies requested shall be made available for the costs of copying. In addition, evidence of insurance shall be issued to each Owner and mortgagee holding a mortgage encumbering a Dwelling Unit upon written request to the Association.

#### 13.12.2. Rights of Listed Mortgagee

Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor (such holder, insurer or guarantor is herein referred to as a "Listed Mortgagee") of a mortgage encumbering a Lot and/or Dwelling Unit and the legal description of such Lot and/or Dwelling Unit, the Association shall provide such Listed Mortgagee with timely written notice of the following:

- (a) Any condemnation, loss or casualty loss which affects any material portion of the Association Property;
- (b) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- (c) Any proposed action which would require the consent of mortgagees holding a mortgage encumbering a Lot and/or Dwelling Unit; and
- (d) Any failure by an Owner owning a Lot and/or Dwelling Unit encumbered by a mortgage held, insured or guaranteed by such Listed Mortgagee to perform his or her obligations under the Documents, including, but not limited to, any delinquency in the payment of Assessments, or any other charge owed to the Association by said Owner where such failure or delinquency has continued for a period of sixty (60) days.

#### 13.12.3. Right of Listed Mortgagee to Receive Financial Statement

Any Listed Mortgagee shall, upon written request made to the Association, be entitled to financial statements for the Association for the prior fiscal year free of charge and the same shall be furnished within a reasonable time following such request.

### 13.13. Security

The Association may, but shall not be obligated to, maintain or support certain activities within Town Homes I designed to make Town Homes I safer than it otherwise might be. Developer shall not in any way or manner be held liable or responsible for any violation of this Declaration by any person other than Developer. Additionally, NEITHER DEVELOPER NOR THE ASSOCIATION MAKES ANY REPRESENTATIONS WHATSOEVER AS TO THE SECURITY OF THE PREMISES OR THE EFFECTIVENESS OF ANY MONITORING SYSTEM OR SECURITY SERVICE. ALL OWNERS AGREE TO HOLD DEVELOPER AND THE ASSOCIATION HARMLESS FROM ANY LOSS OR CLAIM ARISING FROM THE OCCURRENCE OF ANY CRIME OR OTHER ACT. NEITHER THE ASSOCIATION, DEVELOPER, NOR ANY SUCCESSOR DEVELOPER SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN TOWN HOMES I. NEITHER THE ASSOCIATION, DEVELOPER, NOR ANY SUCCESSOR DEVELOPER SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY. ALL OWNERS AND OCCUPANTS OF ANY DWELLING UNIT, AND TENANTS, GUESTS AND INVITEES OF AN OWNER, ACKNOWLEDGE THAT THE ASSOCIATION AND ITS BOARD, DEVELOPER, OR ANY SUCCESSOR DEVELOPER DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM, IF ANY, DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY DEVELOPER OR THE ASSOCIATION, MAY NOT BE COMPROMISED OR CIRCUMVENTED AND THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY DWELLING UNIT AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION AND ITS BOARD, DEVELOPER, OR ANY SUCCESSOR DEVELOPER ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY DWELLING UNIT AND EACH TENANT, GUEST AND INVITEE OF AN OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO DWELLING UNITS AND TO THE CONTENTS OF DWELLING UNITS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION AND ITS BOARD, DEVELOPER, OR ANY SUCCESSOR DEVELOPER HAS MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OR OCCUPANT OF ANY DWELLING UNIT, OR ANY TENANT, GUEST, OR INVITEE OF AN OWNER RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED, IF ANY, OR ANY SECURITY MEASURES UNDERTAKEN WITHIN TOWN HOMES I, IF ANY.

### 13.14. Approval of Association Lawsuits by Owners

Notwithstanding anything contained herein to the contrary, the Association shall be required to obtain the approval of the Owners of two-thirds (2/3) of all Lots (at a duly called meeting of the Owners at which a quorum is present) prior to the payment of legal or other fees to persons or entities engaged by the Association for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

- (a) the collection of Assessments; or
- (b) the collection of other charges which Owners are obligated to pay pursuant to the Documents; or
- (c) the enforcement of the use and occupancy restrictions contained in the Documents; or



(d) in an emergency where waiting to obtain the approval of the Owners creates a substantial risk of irreparable injury to the Association Property or to Owner(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of two-thirds [2/3] of the Owners); or

(e) filing a compulsory counterclaim.

### 13.15. Leases

Each lease entered into by an Owner shall provide, and if it does not provide it shall be deemed to provide, that: (i) the lessee thereunder shall be subject to all the Documents and shall abide by and be obligated to maintain the Lot and Dwelling Unit to the same extent as the lessor and that failure to abide by the foregoing shall be deemed a material default under the terms of the lease; and (ii) the Association shall have the right to enforce the terms of the lease as the agent of lessor. Notwithstanding the foregoing, an Owner who leases such Owner's Lot and/or Dwelling Unit shall remain liable for all the obligations set forth in the Documents. The provisions of this Paragraph 13.15 shall not be applicable to the lessees of Developer.

### 13.16. Compliance with Provisions

Each Owner, by acceptance of a deed or other instrument of conveyance for any portion of the Subject Property, agrees to be bound by and to comply with the provisions of the Declaration.

IN WITNESS WHEREOF, this Declaration has been signed by Developer and joined in by the Association on the respective dates set forth below.

WITNESSES:

CENTEX HOMES, a Nevada general partnership

By: CENTEX REAL ESTATE  
CORPORATION, a Nevada corporation,  
Its: Managing General Partner

[Signature]  
Printed Name: JOHN SHUSTER

[Signature]  
Printed Name: CEO W. SINGHASTON

By: [Signature]  
Printed Name: HENRY E. MARSHALL

Its: VICE PRESIDENT

DATE: 6/2/97



TOWN HOMES I OF THE WATERWAYS  
AT QUIET WATERS ASSOCIATION, INC.

[Signature]  
Printed Name: JOHN SHUSTER

[Signature]  
Printed Name: CEO W. SINGHASTON

By: [Signature]  
Printed Name: THOMAS E. LABODA

Its: PRESIDENT

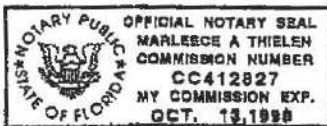
DATE: 6/2/97



STATE OF FLORIDA )  
 ) SS:  
COUNTY OF BROWARD )

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged before me by HENRY E. MAGUIRON, the VICE PRESIDENT of CENTEX REAL ESTATE CORPORATION, a Nevada corporation, as the Managing General Partner of CENTEX HOMES, a Nevada general partnership, freely and voluntarily under authority duly vested in him/her by said corporation and that the seal affixed thereto is the true corporate seal of said corporation. He/she is personally known to me or has produced a Florida driver's license as identification.

WITNESS my hand and official seal in the County and State last aforesaid this 2 day of June, 1997.



Marleece A. Thielen  
Notary Public, State of Florida at Large

MARLEECE A. THIELEN  
Typed, printed or stamped name of Notary

My Commission Expires:

STATE OF FLORIDA )  
 ) SS:  
COUNTY OF BROWARD )

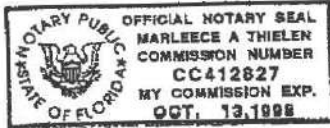
I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged before me by THOMAS G. LABODA the PRESIDENT of TOWN HOMES I OF THE WATERWAYS AT QUIET WATERS ASSOCIATION, INC., a Florida corporation not for profit, freely and voluntarily under authority duly vested in him/her by said corporation and that the seal affixed thereto is the true corporate seal of said corporation. He/She is personally known to me or has produced a Florida driver's license as identification.

WITNESS my hand and official seal in the County and State last aforesaid this 2 day of June, 1997.

Marleece A. Thielen  
Notary Public, State of Florida at Large

MARLEECE A. THIELEN  
Typed, printed or stamped name of Notary

My Commission Expires:



SCHEDULE OF EXHIBITS

- EXHIBIT A      Legal Description of Subject Property
- EXHIBIT B      Articles of Incorporation of Town Homes I of The Waterways at Quiet Waters Association, Inc.
- EXHIBIT C      Bylaws of Town Homes I of The Waterways at Quiet Waters Association, Inc.

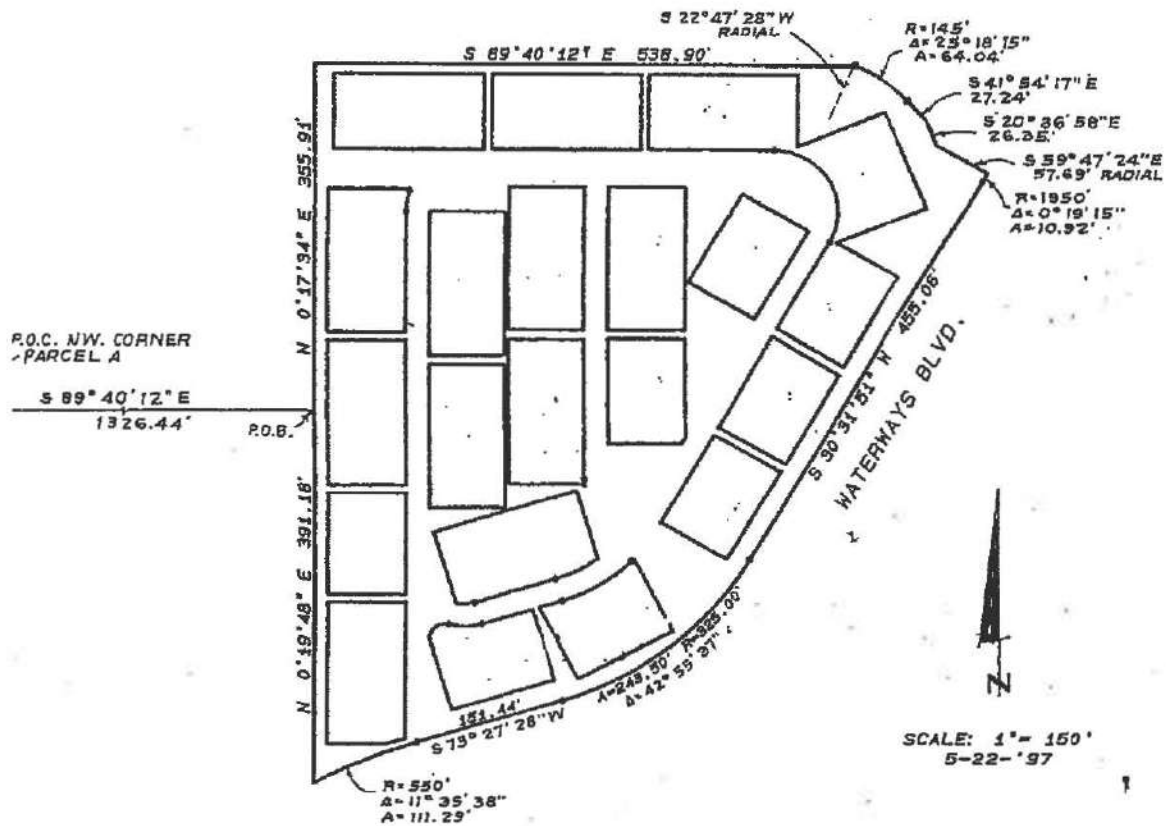
EXHIBIT A  
 SKETCH OF TOWNHOMES I  
 WATERWAYS AT QUIET WATERS

FOR CENTEX REAL ESTATE CORPORATION  
 D/B/A CENTEX HOMES

(Description - Sheet 2 thru 4 of 4)

C.C. WINNINGHAM CORPORATION - LB # 46  
 1040 NORTH EAST 45TH STREET  
 OAKLAND PARK, FLORIDA 33334

BY: Charlie C. Winningham II  
 Charlie C. Winningham II - PSM # 580



P.O.C. = POINT OF COMMENCEMENT  
 P.O.B. = POINT OF BEGINNING

**EXHIBIT A**  
**DESCRIPTION OF TOWNHOMES I**  
**WATERWAYS AT QUIET WATERS**

**FOR CENTEX REAL ESTATE CORPORATION**  
**D/B/A CENTEX HOMES**

Those portions of Parcel A, according to OLYMPIA AND YORK RESIDENTIAL PLAT, as recorded in Plat Book 161 at Page 49 of the Public Records of Broward County, Florida, described as follows:

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1724.93 feet along the North boundary of said Parcel A and its projection; thence run South 00°19'48" West 25.06 feet to the Point of Beginning; thence run South 59°28'09" East 77 feet; thence run South 30°31'51" West 107 feet; thence run North 59°28'09" West 77 feet; thence run North 30°31'51" East 107 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1739.52 feet along the North boundary of said Parcel A and its projection to the Point of Beginning; thence run North 30°31'51" East 87.01 feet; thence run South 59°28'09" East 77 feet; thence run South 30°31'51" West 107 feet; thence run North 59°28'09" West 77 feet; thence run North 30°31'51" East 19.99 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1787.81 feet along the North boundary of said Parcel A and its projection; thence run North 00°19'48" East 82.98 feet to the Point of Beginning; thence run North 30°29'20" East 103.34 feet to a point of curvature of a curve to the left; thence along the arc of said curve to the left, having a radius of 64 feet and a central angle of 02°50'02", run Northeasterly 3.17 feet; thence run South 59°28'09" East 77.08 feet; thence run South 30°31'51" West 107 feet; thence run North 59°28'09" West 77 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1428.94 feet along the North boundary of said Parcel A and its projection; thence run North 67°52'40" East 451.88 feet to the Point of Beginning; thence continue North 67°52'40" East 96.19 feet; thence run North 22°07'20" West 107 feet; thence run South 67°52'40" West 93.46 feet; thence run South 19°30'10" West 7.57 feet to an intersection with the arc of a curve running Southeasterly and Southwesterly to the right; thence along the arc of said curve to the right (the Southwesterly projection of the last described course being radial to said curve), having a radius of 64 feet and a central angle of 98°11'39", run Southeasterly and Southwesterly 109.68 feet; thence run South 59°28'09" East 5.79 feet along a line radial to the last described curve to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1659.24 feet along the North boundary of said Parcel A and its projection; thence run North 00°19'48" East 268.91 feet to the Point of Beginning; thence continue North 00°19'48" East 77.00 feet; thence run South 89°40'12" East 149 feet; thence run South 00°19'48" West 73.40 feet; thence run South 19°30'10" West 7.57 feet to an intersection with the arc of a curve running Westerly to the left; thence along the arc of said curve to the left (the Southwesterly projection of the last described course being radial to said curve), having a radius of 64 feet and a central angle of 19°10'22", run Westerly 21.42 feet to a point of tangency; thence run North 89°40'12" West 125.49 feet along the tangent extended to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1622.66 feet along the North boundary of said Parcel A and its projection; thence run North 30°31'51" East 151.63 feet to the Point of Beginning; thence continue North 30°31'51" East 107 feet; thence run South 59°28'09" East 77 feet; thence run South 30°31'51" West 107 feet; thence run North 59°28'09" West 77 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1618.55 feet along the North boundary of said Parcel

A and its projection to the Point of Beginning; thence run North 00°19'48" East 54.27 feet; thence run South 89°40'12" East 77 feet; thence run South 00°19'48" West 100.93 feet; thence run South 30°31'51" West 7.02 feet; thence run North 89°40'12" West 73.47 feet; thence run North 00°19'48" East 53.73 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1618.44 feet along the North boundary of said Parcel A and its projection; thence run North 00°19'48" East 80.91 feet to the Point of Beginning; thence continue North 00°19'48" East 149 feet; thence run South 89°40'12" East 77 feet; thence run South 00°19'48" West 149 feet; thence run North 89°40'12" West 77 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1502.24 feet along the North boundary of said Parcel A and its projection; thence run North 00°19'48" East 268.91 feet to the Point of Beginning; thence continue North 00°19'48" East 77 feet; thence run South 89°40'12" East 149.0 feet; thence run South 00°19'48" West 77 feet; thence run North 89°40'12" West 149.0 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1519.44 feet along the North boundary of said Parcel A and its projection; thence run North 00°19'48" East 80.91 feet to the Point of Beginning; thence continue North 00°19'48" East 149 feet; thence run South 89°40'12" East 75 feet; thence run South 00°19'48" West 149 feet; thence run North 89°40'12" West 75 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1519.44 feet along the North boundary of said Parcel A and its projection to the Point of Beginning; thence run North 00°19'48" East 71.92 feet; thence run South 89°40'12" East 75 feet; thence run South 00°19'48" West 143.89 feet to a point of curvature of a curve to the left; thence along the arc of said curve to the left, having a radius of 64 feet and a central angle of 04°34'56", run Southerly 5.12 feet; thence run North 89°40'12" West 75.20 feet; thence run North 00°19'48" East 77.08 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1444.06 feet along the North boundary of said Parcel A and its projection; thence run South 00°19'48" West 127.47 feet to the Point of Beginning; thence run North 73°27'28" East 149 feet; thence run South 16°32'32" East 74.77 feet to a point of intersection with the arc of a curve running Southwesterly to the right, a radial at said point bearing North 36°26'05" West; thence along the arc of said curve to the right, having a radius of 138 feet and a central angle of 19°53'33", run Southwesterly 47.91 feet to a point of tangency; thence run South 73°27'28" West 83.82 feet along the tangent extended to a point of curvature of a curve to the right; thence along the arc of said curve to the right, having a radius of 35 feet and a central angle of 31°22'47", run Westerly 19.17 feet; thence run North 16°32'32" West 77.88 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1440.44 feet along the North boundary of said Parcel A and its projection to the Point of Beginning; thence run North 00°19'48" East 46.91 feet; thence run South 89°40'12" East 75 feet; thence run South 00°19'48" West 149 feet; thence run North 89°40'12" West 75 feet; thence run North 00°19'48" East 102.09 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1440.44 feet along the North boundary of said Parcel A and its projection; thence run North 00°19'48" East 55.91 feet to the Point of Beginning; thence continue North 00°19'48" East 149 feet; thence run South 89°40'12" East 75 feet; thence run South 00°19'48" West 149 feet; thence run North 89°40'12" West 75 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1345.24 feet along the North boundary of said Parcel A and its projection; thence run North 00°19'48" East 268.91 feet to the Point of Beginning; thence continue North 00°19'48" East 77 feet; thence run South 89°40'12" East 149.0 feet; thence run South 00°19'48" West 77 feet; thence run North 89°40'12" West 149.0 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1339.44 feet along the North boundary of said Parcel

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A and its projection; thence run North 00°19'48" East 78.76 feet to the Point of Beginning; thence continue North 00°19'48" East 149 feet; thence run South 89°40'12" East 80.90 feet to a point of intersection with the arc of a curve running Southwesterly to the right, a radial at said point bearing North 81°25'49" West; thence along the arc of said curve to the right, having a radius of 15 feet and a central angle of 10°12'12", run Southwesterly 2.67 feet to a point of reverse curvature; thence along the arc of a curve to the left, having a radius of 64 feet and a central angle of 18°26'55", run Southwesterly 20.61 feet to a point of tangency; thence run South 00°19'48" West 126.15 feet along the tangent extended; thence run North 89°40'12" West 77 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1339.44 feet along the North boundary of said Parcel A and its projection to the Point of Beginning; thence run North 00°19'48" East 70.76 feet; thence run South 89°40'12" East 77 feet; thence run South 00°19'48" West 149 feet; thence run North 89°40'12" West 77 feet; thence run North 00°19'48" East 78.24 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1339.44 feet along the North boundary of said Parcel A and its projection; thence run South 00°19'48" West 86.24 feet to the Point of Beginning; thence run South 89°40'12" East 77 feet; thence run South 00°19'48" West 107 feet; thence run North 89°40'12" West 77 feet; thence run North 00°19'48" East 107 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1339.44 feet along the North boundary of said Parcel A and its projection; thence run South 00°19'48" West 201.24 to the Point of Beginning; thence run South 89°40'12" East 77 feet; thence run South 00°19'48" West 143.41 feet; thence run South 73°27'28" West 19.25 feet; thence run North 89°40'12" West 58.58 feet; thence run North 00°19'48" East 149 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1440.44 feet along the North boundary of said Parcel A and its projection; thence run South 00°19'48" West 239.36 feet to the Point of Beginning, being a point of intersection with the arc of a curve running Northeasterly and Southeasterly to the right, a radial at said point bearing South 89°40'12" East; thence along the arc of said curve to the right, having a radius of 15 feet and a central angle of 105°40'49", run Northeasterly and Southeasterly 27.67 feet to a point of reverse curvature; thence along the arc of a curve to the left, having a radius of 59 feet and a central angle of 32°33'09", run Easterly 33.52 feet to a point of tangency; thence run North 73°27'28" East 52.83 feet along the tangent extended; thence run South 16°32'32" East 77 feet; thence run South 73°27'28" West 107 feet; thence run North 16°32'32" West 77.98 feet to the Point of Beginning, and;

Commencing at the Northwest corner of said Parcel A; thence run South 89°40'12" East (on a plat bearing) 1644.13 feet along the North boundary of said Parcel A and its projection; thence run South 00°19'48" West 156.37 to the Point of Beginning; thence run South 27°14'00" East 85.69 feet; thence run South 62°46'00" West 107 feet; thence run North 27°14'00" West 84.24 feet; thence run North 73°27'28" East 23.86 feet to a point of curvature of a curve to the left; thence along the arc of said curve to the left, having a radius of 162 feet and a central angle of 28°47'57", run Northeasterly 81.43 feet to a point of reverse curvature; thence along the arc of a curve to the right, having a radius of 15 feet and a central angle of 12°19'03", run Northeasterly 3.22 feet to the Point of Beginning.

Said lands situate in the City of Deerfield Beach, Broward County, Florida.

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State of Florida  
  
Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of TOWN HOMES I OF THE WATERWAYS AT QUIET WATERS ASSOCIATION, INC., a Florida corporation, filed on June 2, 1997, as shown by the records of this office.

The document number of this corporation is N97000003154.

Given under my hand and the  
Great Seal of the State of Florida,  
at Tallahassee, the Capitol, this the  
Second day of June, 1997



CR2EO22 (2-95)

*Sandra B. Northam*

Sandra B. Northam  
Secretary of State



**ARTICLES OF INCORPORATION  
OF  
TOWN HOMES I OF THE WATERWAYS AT QUIET WATERS ASSOCIATION, INC.  
(A Florida Corporation Not For Profit)**

In order to form a corporation not for profit under and in accordance with the provisions of Chapter 617 of the Florida Statutes, the undersigned hereby incorporates the corporation not for profit for the purposes and with the powers hereinafter set forth and, to that end, the undersigned, by these Articles of Incorporation, certifies as follows:

**ARTICLE I  
DEFINITIONS**

The following words and phrases when used in these Articles of Incorporation (unless the context clearly reflects another meaning) shall have the following meanings:

1. "Articles" means these Articles of Incorporation of the Association and any and all amendments hereto.
2. "Association" means Town Homes I of The Waterways at Quiet Waters Association, Inc., a Florida corporation not for profit, which is NOT a condominium association, and which has been organized to own, maintain and administer the Association Property, if any, and to maintain the Common Structural Elements and other portions of the Subject Property and Common Property in accordance with the Declaration.
3. "Association Property" means the property more particularly described in Paragraph 4.2 of the Declaration.
4. "Board" means the Board of Directors of the Association.
5. "Bylaws" means the Bylaws of the Association and any and all amendments thereto.
6. "Common Property" means such portions of The Waterways at Quiet Waters which the Community Association is required to administer and which are intended to be conveyed to the Community Association, as provided in the Protective Covenants, although Common Property may be maintained by the Association.
7. "Common Structural Elements" means certain elements, features or parts contained in a "Building" (as defined in the Declaration) which are structural elements of more than one (1) Dwelling Unit contained therein, as more particularly described in Paragraph 4.3 of the Declaration.
8. "Community Association" means The Waterways at Quiet Waters Community Association, Inc., a Florida corporation not for profit organized to administer the Common Property and having among its members the Owners.
9. "County" means Broward County, Florida.
10. "Declaration" means the Declaration of Protective Covenants, Restrictions and Easements for Town Homes I of The Waterways at Quiet Waters, to be recorded amongst the Public Records of the County, and any and all amendments and supplements thereto.
11. "Developer" means Centex Homes, a Nevada general partnership, its successors and assigns; provided, however, that a purchaser of a Lot shall not be deemed a successor or assign of Developer unless such purchaser is specifically so designated as such by Developer.
12. "Director" means a member of the Board.

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13. "Documents" means in the aggregate the Declaration, these Articles, the Bylaws, the Protective Covenants, the Articles of Incorporation and Bylaws of the Community Association, and all of the instruments and documents referred to therein or referred to herein, including, but not limited to, amendments to any of the foregoing, as applicable.

14. "Dwelling Unit" means a residential dwelling unit intended as an abode for one family constructed on the Subject Property.

15. "Legal Fees" means: (a) reasonable fees for attorney and paralegal services incurred in negotiation and preparation for litigation, whether or not an action is actually begun, through and including all trial and appellate levels and postjudgment proceedings; and (b) court costs through and including all trial and appellate levels and postjudgment proceedings.

16. "Lot" means a portion of the Subject Property upon which a Dwelling Unit is permitted to be constructed.

17. "Member" means a member of the Association.

18. "Neighborhood Expenses" means the expenses for which Owners are liable to the Association as described in the Documents and include, but are not limited to, the costs and expenses incurred by the Association in administering, operating, reconstructing, maintaining, financing, repairing, replacing or improving the Association Property, the Common Structural Elements or any portion thereof and improvements thereon and all costs and expenses incurred by the Association in carrying out its powers and duties under the Documents.

19. "Operating Expenses" means the expenses for which Owners are liable to the Community Association, as more particularly described in the Protective Covenants, and include, but are not limited to, the costs and expenses incurred by the Community Association in administering, operating, reconstructing, maintaining, repairing and replacing the Common Property.

20. "Owner" means the owner(s) of the fee simple title to a Lot and includes Developer for so long as it is the owner of the fee simple title to a Lot.

21. "Plat" means the Olympia and York Residential Plat of The Waterways at Quiet Waters which has been recorded in Plat Book 161 at Page 49 of the Public Records of the County.

22. "Protective Covenants" means the Declaration of Protective Covenants and Restrictions for The Waterways at Quiet Waters, which has been recorded at O.R. Book 25579, Page 288, of the Public Records of the County.

23. "Subject Property" means the real property upon which Town Homes I of The Waterways at Quiet Waters is planned to be developed and which is more particularly described on Exhibit A to the Declaration.

24. "The Waterways at Quiet Waters" means the name given to the planned residential development being developed by Developer in the County in accordance with the "Plan for Development" described in the Protective Covenants.

25. "Town Homes I of The Waterways at Quiet Waters" or "Town Homes I" means the residential community planned for development upon the Subject Property committed to land use under the Declaration which is intended to be comprised of One Hundred Ten (110) attached single-family units and the Association Property, if any. Town Homes I of The Waterways at Quiet Waters is a "Neighborhood" within The Waterways at Quiet Waters, as defined in the Protective Covenants.

ARTICLE II  
NAME

The name of this corporation shall be TOWN HOMES I OF THE WATERWAYS AT QUIET WATERS ASSOCIATION, INC., a Florida corporation not for profit. For convenience, the corporation shall be herein referred to as the Association, whose principal address is 2541 Metrocentre Boulevard, Suite 1, West Palm Beach, Florida 33407.

ARTICLE III  
PURPOSES

The purpose for which this Association is organized is to take title to, operate, administer, manage, lease and maintain the Association Property, if any, in accordance with the terms of, and purposes set forth in the Documents, to maintain the Common Structural Elements and other portions of the Subject Property, and to carry out the covenants and enforce the provisions of the Documents. The Association may also maintain Common Property. The Association is a "Neighborhood Association" as contemplated by the Protective Covenants.

ARTICLE IV  
POWERS

The Association shall have the following powers and shall be governed by the following provisions:

- A. The Association shall have all of the common law and statutory powers of a corporation not for profit.
- B. The Association shall have all of the powers to be granted to the Association in the Documents.
- C. The Association shall have all of the powers reasonably necessary to implement the purposes of the Association, including, but not limited to, the following:
  1. To perform any act required or contemplated by it under the Documents.
  2. To make, establish, amend and enforce reasonable rules and regulations governing the Subject Property and the use of the Association Property.
  3. To make, levy and collect assessments for the purpose of obtaining funds from its Members to pay Association Expenses and costs of collection, including the operational expenses of the Association and to use and expend the proceeds of assessments in the exercise of the powers and duties of the Association.
  4. To administer, manage and operate the Subject Property and to maintain, repair, replace and operate the Association Property and the Common Structural Elements in accordance with the Documents.
  5. To enforce by legal means the obligations of the Members and the provisions of the Documents.
  6. To employ personnel, retain independent contractors and professional personnel and enter into service contracts to provide for the maintenance, operation, administration and management of the Association Property and the Common Structural Elements and to enter into any other agreements consistent with the purposes of the Association, including, but not limited to, agreements with respect to professional management of the Association Property and the Common Structural Elements and to delegate to such professional management certain powers and duties of the Association.

7. To enter into the Declaration and any amendments thereto and instruments referred to therein.

8. To provide, to the extent deemed necessary by the Board, any and all services and do any and all things which are incidental to or in furtherance of things listed above or to carry out the Association mandate to keep and maintain the Subject Property in a proper and aesthetically pleasing condition and to provide the owners with services, amenities, controls and enforcement which will enhance the quality of life at Town Homes I of The Waterways at Quiet Waters.

9. Notwithstanding anything contained herein to the contrary, the Association shall be required to obtain the approval of two-thirds (2/3) of all Members (at a duly called meeting of the Members at which a quorum is present) prior to the payment of legal or other fees to persons or entities engaged by the Association for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

- (a) the collection of assessments; or
- (b) the collection of other charges which Owners are obligated to pay pursuant to the Documents; or
- (c) the enforcement of any applicable use and occupancy restrictions contained in the Documents; or
- (d) in an emergency where waiting to obtain the approval of the Members creates a substantial risk of irreparable injury to the Association Property or to the Common Structural Elements or to Member(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of two-thirds [2/3] of the owners); or
- (e) filing a compulsory counterclaim.

#### ARTICLE V MEMBERS AND VOTING

The qualification of Members of the Association, the manner of their admission to membership, the manner of the termination of such membership and the manner of voting by Members shall be as follows:

A. Until such time as the first deed of conveyance of a Lot from Developer to an Owner is recorded amongst the Public Records of the County ("First Conveyance"), the membership of the Association shall be comprised solely of Developer. Developer shall be entitled to cast one (1) vote on all matters requiring a vote of the membership.

B. Upon the First Conveyance, Developer shall be a Member as to each of the remaining Lots until each such Lot is conveyed to another Owner, and thereupon and thereafter each and every owner, including Developer as to Lots owned by Developer, shall be Members and exercise all of the rights and privileges of Members.

C. Membership in the Association for owners other than Developer shall be established by the acquisition of ownership of fee title to a Lot as evidenced by the recording of an instrument of conveyance amongst the Public Records of the County. Where title to a Lot is acquired by conveyance from a party other than Developer by means of sale, gift, inheritance, devise, judicial decree or otherwise, the person, persons or entity thereby acquiring such Lot shall not be a Member unless or until such Owner shall deliver a true copy of a deed or other instrument of acquisition of title to the Association.

D. The Association shall have two (2) classes of voting membership:

1. "Class A Members" shall be all Members, with the exception of Developer, and shall be entitled to one (1) vote for each Lot owned.

2. "Class B Members" shall be Developer who shall be entitled to three (3) votes for each Lot owned by Developer. Class B membership shall cease and be converted to Class A membership upon the earliest to occur of the following events ("Turnover Date"):

(i) Three (3) months after the conveyance of ninety percent (90%) of the "Total Developed Lots" (as defined in Paragraph X.C hereof) by Developer as evidenced by the recording of instruments of conveyance of such Lots amongst the Public Records of the County; or

(ii) At such earlier time as Developer shall designate in writing to the Association.

E. The designation of different classes of membership are for purposes of establishing the number of votes applicable to certain Lots and nothing herein shall be deemed to require voting solely by an individual class on any matter which requires the vote of Members, unless otherwise specifically set forth in the Documents.

F. No member may assign, hypothecate or transfer in any manner his or her membership in the Association except as an appurtenance to his or her Lot.

G. Any Member who conveys or loses title to a Lot by sale, gift, devise, bequest, judicial decree or otherwise shall, immediately upon such conveyance or loss of title, no longer be a Member with respect to such Lot and shall lose all rights and privileges of a Member resulting from ownership of such Lot.

H. There shall be only one (1) vote for each Lot, except for Developer-owned Lots, as set forth herein. If there is more than one Member with respect to a Lot as a result of the fee interest in such Lot being held by more than one person, such Members collectively shall be entitled to only one (1) vote. The vote of the Owners of a Lot owned by more than one natural person or by a corporation or other legal entity shall be cast by the person named in a certificate signed by all of the Owners of the Lot, or, if appropriate, by properly designated officers, partners or principals of the respective legal entity, and filed with the Secretary of the Association, and such certificate shall be valid until revoked by a subsequent certificate.

Notwithstanding the foregoing provisions, whenever any Lot is owned by a husband and wife they may, but shall not be required to, designate a voting member. In the event a certificate designating a voting member is not filed by the husband and wife, the following provisions shall govern their right to vote:

1. Where both are present at a meeting, each shall be regarded as the agent and proxy of the other for purposes of casting the vote for each Lot owned by them. In the event they are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting.

2. Where only one (1) spouse is present at a meeting, the person present may cast the Lot vote without establishing the contrary by the other spouse. Association by the other spouse, the vo

3. Where neither spouse in the Bylaws) signed by either spouse contrary to the Association by the other other spouse. In the event of prior writ of a different-limited proxy by the oth

WATERWAYS TOWNS

3 MONTHS AFTER 90%

or written notice contrary to the

proxy" (as defined ten notice to the ted proxy by the r the designation onsidered.

I. A quorum shall consist of persons entitled to cast at least thirty percent (30%) of the total number of votes of the Members.

ARTICLE VI  
TERM

The term for which this Association is to exist shall be perpetual of the Association (unless same is reinstated), other than incident to the assets of the Association shall be conveyed to a similar home agency having a similar purpose, or any Member may petition the app of Florida for the appointment of a receiver to manage the affairs of properties in the place and stead of the dissolved Association and to necessary for the continued management of the affairs of the dissolved

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ARTICLE VII  
INCORPORATOR

The name and address of the Incorporator of these Articles is:

Henry E. Magnuson  
3323 W. Commercial Blvd., Suite 100  
Fort Lauderdale, Florida 33309

ARTICLE VIII  
OFFICERS

The affairs of the Association shall be managed by the President of the Association, assisted by one or more Vice President(s), Secretary and Treasurer, and, if any, by the Assistant Secretary(ies) and Assistant Treasurer(s), subject to the directions of the Board.

The Board shall elect the President, Secretary and Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall, from time to time, determine. The President shall be elected from amongst the Directors, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, the office of President and a Vice President shall not be held by the same person, nor shall the offices of President and Secretary or Assistant Secretary be held by the same person.

ARTICLE IX  
FIRST OFFICERS

The names of the officers who are to serve until the first election of officers by the Board are as follows:

President	-	Tom Laboda
Vice President	-	Bill Brazill
Secretary	-	Leona Hammond
Treasurer	-	Leona Hammond

ARTICLE X  
BOARD OF DIRECTORS

A. The number of Directors on the first Board of Directors of the Association ("First Board") and the "Initial Elected Board" (as hereinafter defined) shall be three (3). The number of Directors elected by the Members and the number of Directors which shall comprise the Board

subsequent to the "Developer's Resignation Event" (as hereinafter defined) shall be determined by the Board prior to each meeting at which Directors are to be elected; provided, however, the number of Directors shall always be an odd number, and shall not be less than three (3). Except for Developer-appointed Directors, Directors must be Members or the parents, children or spouses of Members. There shall be only one (1) vote for each Director.

B. The names and addresses of the persons who are to serve as Directors on the First Board are as follows:

<u>NAMES</u>	<u>ADDRESSES</u>
Tom Laboda	2541 Metrocentre Blvd., Suite 1 West Palm Beach, Florida 33407
Bill Brazill	2541 Metrocentre Blvd., Suite 1 West Palm Beach, Florida 33407
Leona Hammond	2541 Metrocentre Blvd., Suite 1 West Palm Beach, Florida 33407

Developer reserves the right to replace and/or designate and elect successor Directors to serve on the First Board for so long as the First Board is to serve, as hereinafter provided.

C. Developer intends that Town Homes I of The Waterways at Quiet Waters, when ultimately developed, shall contain One Hundred Ten (110) Lots with a Dwelling Unit constructed upon each Lot ("Total Developed Lots"). Notwithstanding such intention, Developer may develop more or less than the planned number of Lots with Dwelling Units

D. Upon the Turnover Date, the Members other than Developer shall be entitled to elect not less than a majority of the Board. The election of the Board by the Purchaser Members shall occur at a special meeting called by the Board for such purpose ("Initial Election Meeting"). The Initial Election Meeting.

*Townhomes*

E. At the Initial Election Meeting, Purchaser Members shall be entitled to elect not less than a majority of the Board in accordance with the procedures set forth in the Bylaws for election until Developer's Resignation Event, shall be entitled to designate on the "Initial Elected Board". Developer reserves and shall have the right, until the Resignation Event, to name the successor, if any, to any Director it

F. The Board shall continue to be so designated and elected until the Resignation Event, at each subsequent "Annual Members' Meeting" (as defined in the Bylaws), until the Annual Members' Meeting following Developer's Resignation Event.

A Director (other than a Developer-appointed Director) may be removed from office upon the affirmative vote of a majority of Owners, for any reason deemed to be in the best interests of the Owners. A meeting of the Owners to so remove a Director (other than a Developer-appointed Director) shall be held upon the written request of ten percent (10%) of the Owners.

G. The Initial Election Meeting shall be called by the Association, through the Board, within sixty (60) days after the Purchaser Members are entitled to elect a majority of Directors as provided in Paragraph D hereof. A notice of meeting shall be forwarded to all Members in accordance with the Bylaws; provided, however, that the Members shall be given at least fourteen (14) days' notice of such meeting. The notice shall also specify the number of Directors who shall be elected by the Purchaser Members and the remaining number of Directors to be designated by Developer.

H. Upon the earlier to occur of the following events ("Developer's Resignation Event"), Developer shall cause all of its designated Directors to resign:

1. When Developer no longer holds at least five percent (5%) of the Total Developed Lots for sale in the ordinary course of business and all Lots sold by Developer have been conveyed as evidenced by the recording of instruments of conveyance of such Lots amongst the Public Records of the County; or

2. When Developer causes the voluntary resignation of all of the Directors designated by Developer and does not designate replacement Directors.

Upon Developer's Resignation Event, the Directors elected by Purchaser Members shall elect a successor Director to fill the vacancy caused by the resignation or removal of Developer's designated Director. This successor Director shall serve until the next Annual Members' Meeting and until his or her successor is elected and qualified. In the event Developer's Resignation Event occurs prior to the Initial Election Meeting, the Initial Election Meeting shall be called in the manner set forth in Paragraph G of this Article X, and all of the Directors shall be elected by the Purchaser Members at such meeting in accordance with the procedures set forth in the Bylaws.

I. At each Annual Members' Meeting held subsequent to Developer's Resignation Event, all of the Directors shall be elected by the Members. At the first Annual Members Meeting held after the Initial Election Meeting, a "staggered" term of office of the Board shall be created as follows:

1. a number equal to fifty percent (50%) of the total number of Directors rounded to the nearest whole number is the number of Directors whose term of office shall be established at two (2) years and the Directors serving for a two (2) year term will be the Directors receiving the most votes at the meeting; and

2. the remaining Directors' terms of office shall be established at one (1) year.

At each Annual Members Meeting thereafter, as many Directors of the Association shall be elected as there are Directors whose regular term of office expires at such time, and the term of office of the Directors so elected shall be for two (2) years, expiring when their successors are duly elected and qualified.

J. The resignation of a Director who has been designated by Developer or the resignation of an officer of the Association who has been elected by the First Board shall remise, release, acquit, satisfy and forever discharge such officer or Director of and from any and all manner of action(s), cause(s) of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity, which the Association or Purchaser Members had, now have or will have, or which any personal representative, successor, heir or assign of the Association or Purchaser Members hereafter can, shall or may have against said officer or Director for, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of such resignation, except for such Director's or officer's willful misconduct or gross negligence.

ARTICLE XI  
INDEMNIFICATION

Every Director and every officer of the Association shall against all costs, expenses and liabilities, including Legal Fees: upon him or her in connection with any negotiations, proceeding, in which he or she may be a party, or in which he or she may beco being or having been a Director or officer of the Association, whe or officer at the time such cost, expense or liability is incurred Director or officer is adjudged guilty of willful misfeasance or ma

Waterways  
Turnover  
When 736 (95%)  
are sold  
39 Lots Let



EXHIBIT C

BYLAWS  
OF  
TOWN HOMES I OF THE WATERWAYS AT QUIET WATERS ASSOCIATION, INC.

Section 1. Identification of Association

These are the Bylaws of Town Homes I of The Waterways at Quiet Waters Association, Inc. ("Association") as duly adopted by its Board of Directors ("Board"). The Association is a corporation not for profit, organized pursuant to Chapter 617, Florida Statutes.

1.1. The office of the Association shall be for the present at 2541 Metrocentre Blvd., Suite 1, West Palm Beach, Florida 33407, and thereafter may be located at any place designated by the Board.

1.2. The fiscal year of the Association shall be the calendar year.

1.3. The seal of the Association shall bear the name of the Association, the word "Florida" and the words "Corporation Not For Profit."

Section 2. Explanation of Terminology

The terms defined in the Articles of Incorporation of the Association ("Articles") as well as in the Declaration of Protective Covenants, Restrictions and Easements for Town Homes I of The Waterways at Quiet Waters ("Declaration") are incorporated herein by reference and shall appear in initial capital letters each time such terms appear in these Bylaws.

Section 3. Membership; Members' Meetings; Voting and Proxies

3.1. The qualification of Members, the manner of their admission to membership in the Association, the manner of termination of such membership and the voting by Members shall be as set forth in the Articles.

3.2. The Members shall meet annually ("Annual Members' Meeting"). The Annual Members' Meeting shall be held at the office of the Association or at such other place in the County as the Board may determine and on such day and at such time as designated by the Board in the notice of such meeting commencing with the year following the year in which the Articles are filed with the Secretary of State. The purpose of the Annual Members' Meeting shall be to hear reports of the officers, elect members of the Board (when that shall be appropriate as determined by the provisions of the Articles), and transact any other business authorized to be transacted at such Annual Members' Meeting.

3.3. Special meetings (meetings other than the Annual Members' Meeting) of the Members shall be held at any place within the County whenever called by the President or Vice President or by a majority of the Board. A special meeting must be called by the President or Vice President upon receipt of a written request from Members having the right to vote at least one-third (1/3) of the total number of votes entitled to be cast by Members at any such special meeting.

3.4. Except as otherwise provided in the Articles, a written notice of all Members' meetings, whether the Annual Members' Meeting or a special meeting (collectively "Meeting"), shall be given to each Member entitled to vote thereat at his or her last known address as it appears on the books of the Association and shall be mailed to the said address not less than fourteen (14) days nor more than forty-five (45) days prior to the date of the Meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Any notice given hereunder shall state the time and place of the Meeting and the purposes for which the Meeting is called. The notice of all Annual Members' Meetings shall, in addition, specify the number of Directors of the Association to be

designated by Developer and the number of Directors to be elected by the Members, if applicable. Notice of any special meeting shall include a description of the purpose or purposes for which the meeting is being called. Notwithstanding any provisions hereof to the contrary, notice of any Meeting may be waived before, during or after such Meeting by a Member or by the person entitled to vote for such Member by signing a document setting forth the waiver of such notice.

3.5. The Members may, at the discretion of the Board, act by written response in lieu of a Meeting provided written notice of the matter or matters to be agreed upon is given to the Members or duly waived in accordance with the provisions of these Bylaws. Unless some greater number is required under the Documents and except as to the election of Directors, which shall be accomplished by plurality vote, the decision of a majority of the votes cast by Members as to the matter or matters to be agreed or voted upon shall be binding on the Members, provided a quorum is either present at such Meeting or submits a response if action is taken by written response in lieu of a Meeting, as the case may be. The notice with respect to actions to be taken by written response in lieu of a Meeting shall set forth the time period during which the written responses must be received by the Association.

3.6. (a) A quorum of the Members shall consist of Members entitled to cast thirty percent (30%) of the total number of votes of the Members. A quorum of any Class Members shall consist of Class Members entitled to cast thirty percent (30%) of the total number of votes of the Class Members. Limited proxies and general proxies may be used to establish a quorum.

"Proxy" is defined to mean an instrument containing the appointment of a person who is substituted in the place and stead of the person or authorized representative of an entity entitled to vote. Proxies shall be in writing signed by the person or authorized representative of an entity giving the same and shall be valid only for the particular Meeting designated therein and, if so stated in the proxy, any adjournments thereof, provided, however, any proxy automatically expires ninety (90) days after the date of the meeting for which it was originally given. A proxy must be filed with the Secretary of the Association before the appointed time of the Meeting in order to be valid. Any proxy may be revoked prior to the time a vote is cast according to such proxy.

(b) When a quorum is present at any Meeting and a question which raises the jurisdiction of such Meeting is presented, the holders of a majority of the voting rights present in person or represented by written limited proxy shall be required to decide the question. However, if the question is one upon which a vote other than the majority vote of a quorum is required by express provision of the Documents or by law, then such express provision shall govern and control the required vote on the decision of such question.

3.7. At any Annual Members' Meeting when elections of Directors are to occur, written ballots are to be supplied to Members for such purposes. Furthermore, at any Annual Members' Meeting at which Directors are to be elected, the "Chairperson" (as defined in Paragraph 7.2 hereof) shall appoint an "Election Committee" consisting of three (3) Members to supervise the election, count and verify ballots, disqualify votes if such disqualification is justified under the circumstances and to certify the results of the election to the Board. The Election Committee shall be able to determine questions within its jurisdiction by plurality vote of all three (3) Members, but matters resulting in deadlocked votes of the Election Committee shall be referred to the entire Board for resolution.

3.8. If a quorum is not in attendance at a Meeting, the Members who are present, either in person or by proxy, may adjourn the Meeting from time to time until a quorum is present with no further notice of such adjourned Meeting being required unless otherwise determined by the Board.

3.9. Minutes of all Meetings shall be kept in a businesslike manner and be available for inspection by the Members and Directors at all reasonable times. The Association shall retain minutes for at least seven (7) years subsequent to the date of the Meeting the minutes reflect.

3.10. Voting rights of Members shall be as stated in the Articles with respect to the election of all Boards other than the First Board. Such votes may be cast in person or by written ballot.

3.11. The voting on any matter at a Meeting shall be by secret ballot upon request of the holders of ten percent (10%) of the votes represented at such Meeting and entitled to be cast on such matter, if such request is made prior to the vote in question.

#### Section 4. Board; Directors' Meetings

4.1. The business and administration of the Association shall be by its Board.

4.2. The election and, if applicable, designation of Directors shall be conducted in accordance with the Articles. Except for Developer-appointed Directors, Directors must be Members or the spouses, parents or children of Members.

4.3. (a) Any person elected or designated as a Director shall have all the rights, privileges, duties and obligations of a Director of the Association.

(b) The term of a Director's service shall be as stated in the Articles and, if not so stated, shall extend until the next Annual Members' Meeting and thereafter until his successor is duly elected and qualified or until he or she resigns or is removed in the manner elsewhere provided.

4.4. The organizational meeting of a newly elected Board shall be held within ten (10) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected. Provided the organizational meeting is held directly following the Annual Members' Meeting, no further notice of the organizational meeting shall be necessary. Otherwise, notice of the organizational meeting shall be given in accordance with Section 617.303(2), Florida Statutes.

4.5. Regular meetings of the Board may be held at such times and places in the County as shall be determined from time to time by a majority of Directors. Special meetings of the Board may be called at the discretion of the President or the Vice President. Special meetings must be called by the Secretary at the written request of at least one-third (1/3) of the Directors. Such special meeting may be held in the County at such time and place as determined by the Directors requesting such meeting or in such other place as all Directors shall agree upon.

4.6. Notice of the time and place of regular and special meetings of the Board, or adjournments thereof, shall be given to each Director personally or by mail, telephone or telegraph at least three (3) days prior to the day named for such meeting unless such notice is waived before, during or after such meeting. Any Director may waive notice of the meeting in writing before, during or after a meeting and such waiver shall be deemed equivalent to the receipt of notice by such Director. Notice of all Board meetings shall be posted in a conspicuous place in the community at least forty-eight (48) hours before a meeting, except in an emergency, or reasonable alternatives to such posting may be approved by the Board, including, without limitation, notice by mailing, notice by publication, or the provision of a schedule of Board meetings.

4.7. Notice of all Board meetings shall be given to the Members in accordance with Section 617.303(2), Florida Statutes.

4.8. A quorum of the Board shall consist of the Directors entitled to cast a majority of the votes of the entire Board. Matters approved by a majority of the Directors present at a meeting at which a quorum is present shall constitute the official acts of the Board, except as may be otherwise specifically provided by law, by the Articles or elsewhere herein. If at any meetings

of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any meeting that takes place on account of a previously adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted. In the case of the adjournment of a meeting, no further notice of the adjourned meeting need be given unless otherwise determined by the Board.

4.9. The presiding officer at all Board meetings shall be the President. In the absence of the President, the Directors shall designate any one of their number to preside.

4.10. Directors' fees, if any, shall be determined by the Members.

4.11. Minutes of all meetings of the Board shall be kept in a businesslike manner and in accordance with Section 617.303(3), Florida Statutes, and shall be available for inspection by Members and Directors at all reasonable times.

4.12. The Board shall have the power to appoint an "Executive Committee(s)" of the Board consisting of not less than three (3) Directors. An Executive Committee(s) shall have and exercise such powers of the Board as may be delegated to such Executive Committee(s) by the Board and all meetings thereof shall be open to all Members.

4.13. Meetings of the Board shall be open to all Members on such terms as the Board may determine. The Board may also hold closed meetings with its attorney where the purpose(s) of the meeting is to discuss proposed or pending litigation governed by attorney-client privilege. If open, unless a Member serves as a Director or unless he or she has been specifically invited by the Directors to participate in the meeting, the Members shall not be entitled to participate in the meeting, but shall only be entitled to act as observers. In the event a Member not serving as a Director or not otherwise invited by the Directors to participate in the meeting attempts to become more than a mere observer at the meeting or conducts himself or herself in a manner detrimental to the carrying on of the meeting, then any Director may expel said Member from the meeting by any reasonable means which may be necessary to accomplish said Member's expulsion. Also, any Director shall have the right to exclude from any meeting of the Board any person who is not able to provide sufficient proof that he or she is a Member or a duly authorized representative, agent or proxy holder of a Member, unless said person has been specifically invited by any of the Directors to participate in such meeting.

4.14. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a written consent, specifically setting forth the action to be taken, shall be signed by all the Directors entitled to vote with respect to the subject matter thereof and such consent shall have the same force and effect as a unanimous vote of Directors; provided, however, whenever Assessments are to be considered they may be considered only at a meeting of the Directors properly noticed in accordance with Section 617.303(2), Florida Statutes.

#### Section 5. Powers and Duties of the Board

All of the powers and duties of the Association shall be exercised by the Board. Such powers and duties of the Board shall include, but not be limited to, all powers and duties set forth in the Documents, as well as all of the powers and duties of a director of a corporation not for profit.

#### Section 6. Late Fees

A Member who fails to timely pay any Assessment shall be charged a late charge by the Association for such late Assessment in an amount set forth in the Rules and Regulations. Members shall be responsible to pay all Legal Fees incurred in connection with the collection of late Assessments whether or not an action at law to collect said Assessment and foreclose the Association's lien has been commenced. The Board may authorize an initial schedule of fees for such circumstances, which schedule may also be set forth in the Rules and Regulations.

## Section 7. Officers of the Association

7.1. Executive officers of the Association shall be the President, who shall be a Director, one or more Vice Presidents, a Treasurer and a Secretary, all of whom shall be elected annually by the Board. Any officer may be removed without cause from office by vote of the Directors at any meeting of the Board. The Board may, from time to time, elect such other officers and assistant officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association. One person may hold any two offices simultaneously, except where the functions of such offices are incompatible, but no person shall hold the office of President and any of the following offices simultaneously: Vice President, Secretary or Assistant Secretary.

7.2. The President shall be the chief executive officer of the Association. He or she shall have all of the powers and duties which are usually vested in the office of the President of an association or a corporation not for profit including, but not limited to, the power to appoint such committees from among the Members at such times as he or she may, in his discretion, determine appropriate to assist in the conduct of the affairs of the Association. If in attendance, the President ("Chairperson") shall preside at all meetings of the Board and the Members; provided, however, that the President may appoint a substitute.

7.3. In the absence or disability of the President, a Vice President shall exercise the powers and perform the duties of the President. The Vice President(s) shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board. In the event there shall be more than one Vice President elected by the Board, then they shall be designated "First," "Second," etc., and shall exercise the powers and perform the duties of the presidency in such order.

7.4. The Secretary shall keep the minutes of all meetings of the Board and the Members, which minutes shall be kept in a businesslike manner and be available for inspection by Members and Directors at all reasonable times. The Secretary shall have custody of the seal of the Association and affix the same to instruments requiring such seal when duly authorized and directed to do so. The Secretary shall be custodian for the corporate records of the Association, except those of the Treasurer, and shall perform all of the duties incident to the office of Secretary of the Association as may be required by the Board or the President. The Assistant Secretary, if any, shall perform the duties of the Secretary when the Secretary is absent and shall assist the Secretary under the supervision of the Secretary.

7.5. The Treasurer shall have custody of all of the monies of the Association, including funds, securities and evidences of indebtedness. The Treasurer shall keep the assessment rolls and accounts of the Members and shall keep the books of the Association in accordance with good accounting practices and he or she shall perform all of the duties incident to the office of the Treasurer. The Assistant Treasurer, if any, shall perform the duties of the Treasurer when the Treasurer is absent and shall assist the Treasurer under the supervision of the Treasurer.

7.6. The compensation, if any, of the officers and other employees of the Association shall be fixed by the Board. This provision shall not preclude the Board from hiring a Director as an employee of the Association or preclude the contracting with a Director or a party affiliated with a Director for the management or performance of contract services for all or any part of Town Homes I of The Waterways at Quiet Waters.

## Section 8. Resignations

Any Director or officer may resign his or her post at any time by written resignation, delivered to the President or Secretary, which shall take effect upon its receipt unless a later date is specified in the resignation, in which event the resignation shall be effective from such date unless

withdrawn. The acceptance of a resignation shall not be required to make it effective. The conveyance of all Lots or Dwelling Units owned by any Director or officer (other than appointees of Developer or officers who were not Members) shall constitute a written resignation of such Director or officer.

#### Section 9. Accounting Records; Fiscal Management

9.1. The Association shall use the cash basis method of accounting and shall maintain accounting records in accordance with good accounting practices, which shall be open to inspection by Members and Institutional Mortgagees or their respective authorized representatives at reasonable times. Such authorization as a representative of a Member must be in writing and signed by the person giving the authorization and dated within sixty (60) days of the date of the inspection. Such records shall include, but not be limited to: (i) a record of all receipts and expenditures; (ii) an account for each Lot within the Subject Property which shall designate the name and address of the Owner thereof, the amount of Individual Lot Assessments and all other Assessments, if any, charged to the Lot, the amounts and due dates for payment of same, the amounts paid upon the account and the balance due; (iii) all tax returns, financial statements and financial reports of the Association; and, (iv) any other records that identify, measure, record or communicate financial information.

9.2. Subsequent to the Guarantee Period(s) or in the absence of any Guaranteed Assessments as described in the Declaration, the Board shall adopt a budget (as provided for in the Declaration) of the anticipated Neighborhood Expenses for each forthcoming calendar year (the fiscal year of the Association being the calendar year) at a special meeting of the Board ("Budget Meeting") called for that purpose to be held during the month of October or November of the year preceding the year to which the budget applies, provided that the first Budget Meeting is to be held: (i) within thirty (30) days of the expiration of the Guarantee Period for purposes of adopting a budget for the remainder of the calendar year during which the Guarantee Period expires; or (ii) prior to the completion of the first Dwelling Unit in the event there is no Guaranteed Assessment. Prior to the Budget Meeting, a proposed budget for the Neighborhood Expenses shall be prepared by or on behalf of the Board. Within thirty (30) days after adoption of the budget, a copy thereof or a written notice that a copy of the budget is available upon request at no charge to the Owner, shall be furnished to each Member, and each Owner shall be given notice of the Individual Lot Assessment applicable to his or her Lot(s). The copy of the budget or written notice of the availability of same shall be deemed furnished and the notice of the Individual Lot Assessment shall be deemed given upon its delivery or upon its being mailed to the Owner shown on the records of the Association at his or her last known address as shown on the records of the Association.

9.3. In administering the finances of the Association, the following procedures shall govern: (i) the fiscal year shall be the calendar year; (ii) any monies received by the Association in any calendar year may be used by the Association to pay expenses incurred in the same calendar year; (iii) there shall be apportioned between calendar years on a pro rata basis any expenses which are prepaid in any one calendar year for Neighborhood Expenses which cover more than such calendar year; (iv) Assessments shall be made quarterly or monthly (as determined by the Board) in amounts no less than are required to provide funds in advance for payment of all of the anticipated current Neighborhood Expenses and for all unpaid Neighborhood Expenses previously incurred; and (v) items of Neighborhood Expenses incurred in a calendar year shall be charged against income for the same calendar year regardless of when the bill for such expenses is received. Notwithstanding the foregoing, the Assessments for Neighborhood Expenses and any periodic installments thereof shall be of sufficient magnitude to insure an adequacy and availability of cash to meet all budgeted expenses in any calendar year in such expenses are incurred in accordance with the cash basis method of accounting.

9.4. The Individual Lot Assessment shall be payable as provided for in the Declaration.

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9.5. No Board shall be required to anticipate revenue from Assessments or expend funds to pay for Neighborhood Expenses not budgeted or which shall exceed budgeted items, and no Board is required to engage in deficit spending. Should there exist any deficiency which results from there being greater Neighborhood Expenses than monies from Assessments, then such deficits shall be carried into the next succeeding year's budget as a deficiency or shall be the subject of a Special Assessment or an upward adjustment to the Individual Lot Assessment.

9.6. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board in which the monies of the Association shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Board.

9.7. A report of the accounts of the Association shall be made annually and a copy of the report shall be furnished to each Member no later than the first day of April of the year following the year for which the report is made. The report shall be deemed to be furnished to the Member upon its delivery or mailing to the Member at his or her last known address shown on the records of the Association.

#### Section 10. Rules and Regulations

The Board may at any meeting of the Board adopt rules and regulations or amend, modify or rescind then existing rules and regulations for the operation of Town Homes I of The Waterways at Quiet Waters; provided, however, that such rules and regulations are not inconsistent with the terms or provisions of the Documents. Copies of any rules and regulations promulgated, amended or rescinded shall be mailed or delivered to all Members at the last known address for such Members as shown on the records of the Association at the time of such delivery or mailing and shall not take effect until forty-eight (48) hours after such delivery or mailing. Notwithstanding the foregoing, where rules and regulations are to regulate the use of specific portions of the Association Property, same shall be conspicuously posted at such facility and such rules and regulations shall be effective immediately upon such posting. Care shall be taken to insure that posted rules and regulations are conspicuously displayed and easily readable and that posted signs or announcements are designed with a view towards protection from weather and the elements. Posted rules and regulations which are torn down or lost shall be promptly replaced.

#### Section 11. Roster of Members

Each Member shall file with the Association a copy of the recorded deed or other document showing his or her ownership or right of use. The Association shall maintain such information. The Association may rely upon the accuracy of such information for all purposes until notified in writing of changes therein. Only Members of record with the Association on the date notice of any Meeting requiring their vote is given shall be entitled to notice of and to vote at such Meeting, unless prior to such Meeting other Members shall produce adequate evidence of their interest and shall waive in writing notice of such Meeting.

#### Section 12. Parliamentary Rules

The then latest edition of Robert's Rules of Order shall govern the conduct of meetings of all Members and the Board; provided, however, if such rules of order are in conflict with any of the Documents, Robert's Rules of Order shall yield to the provisions of such instrument.

#### Section 13. Amendment of the Bylaws

13.1. These Bylaws may be amended as hereinafter set forth in this Section 13.1

13.2. After the Turnover Date, any Bylaw of the Association may be amended or repealed, and any new Bylaw of the Association may be adopted by either:

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(i) majority vote of the Members at any Annual Members' Meeting or any special meeting of the Members called for that purpose or by majority action of the Members who have acted by written response in lieu of a Meeting as permitted by these Bylaws; or

(ii) by the affirmative vote of a majority of the Directors then in office at any regular meeting of the Board or at any special meeting of the Board called for that purpose or by written instrument signed by all of the Directors as is permitted by these Bylaws, provided that the Directors shall not have any authority to adopt, amend or repeal any Bylaw if such new Bylaw or such amendment or the repeal of a Bylaw would be inconsistent with any Bylaw previously adopted by the Members.

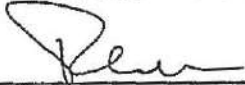
13.3. Notwithstanding any of the foregoing provisions of this Section 13 to the contrary, until the Turnover Date, all amendments or modifications to these Bylaws and adoption or repeal of Bylaws shall only be made by action of the First Board, which First Board shall have the power to amend, modify, adopt and repeal any Bylaws without the requirement of any consent, approval or vote of the Members.

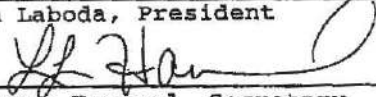
13.4. Notwithstanding the foregoing provisions of this Section 13, there shall be no amendment to these Bylaws which shall abridge, amend or alter the rights of: (i) Developer, without the prior written consent thereto by Developer for so long as Developer holds at least one (1) Lot for sale in the ordinary course of business; or (ii) any Institutional Mortgagee without the prior written consent of such Institutional Mortgagee.

13.5. Notwithstanding the foregoing provisions of this Section 13, so long as the Class B membership exists, the Federal Housing Administration and/or the Veterans' Administration shall have the right to veto any amendment to these Bylaws.

13.6. Any instrument amending, modifying, repealing or adding Bylaws shall identify the particular section or sections affected and give the exact language of such modification, amendment or addition or of the provisions repealed. A copy of each such amendment, modification, repeal or addition attested to by the Secretary or Assistant Secretary of the Association shall be recorded amongst the Public Records of the County.

TOWN HOMES I OF THE WATERWAYS AT  
QUIET WATERS ASSOCIATION, INC.

By:   
Tom Laboda, President

Attest:   
Leona Hammond, Secretary  
(SEAL)

RECORDED IN THE OFFICIAL RECORDS BOOK  
OF BROWARD COUNTY, FLORIDA  
COUNTY ADMINISTRATOR

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or her duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification provided in this to and not exclusive of any and all right to which such Director or off entitled under statute or common law.

ARTICLE XII  
BYLAWS

The Bylaws shall be adopted by the First Board, and thereafter rescinded in the manner provided for in the Bylaws. In the even provisions of these Articles and the provisions of the Bylaws, the pre control.

Townhomes

ARTICLE XIII  
AMENDMENTS

A. Prior to the First Conveyance, these Articles may be amended only by an instrument in writing signed by Developer and filed in the Office of the Secretary of State of the State of Florida.

B. After the First Conveyance, these Articles may be amended in the following manner:

1. (a) The Board shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of the Members, which may be at either the Annual Members' Meeting or a special meeting. Any number of proposed amendments may be submitted to the Members and voted upon by them at one meeting.

(b) Written notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each Member within the time and in the manner provided in the Bylaws for the giving of notice of meetings of Members.

(c) At such meeting, a vote of the Members shall be taken on the proposed amendment(s). The proposed amendment(s) shall be adopted upon receiving the affirmative vote of the Members entitled to cast two-thirds (2/3) of the votes of the Members.

2. An amendment may be adopted by a written statement (in lieu of a meeting) signed by all Members and all members of the Board setting forth their intention that an amendment to the Articles be adopted.

C. These Articles may not be amended without the written consent of a majority of the members of the Board.

D. No amendment may be made to the Articles which shall in any manner reduce, amend, affect or modify the provisions and obligations set forth in the Declaration or any amendments or supplements thereto.

E. A copy of each amendment shall be certified by the Secretary of State of Florida.

F. Notwithstanding any provisions of this Article XIII to the contrary, these Articles shall not be amended in any manner which shall prejudice the rights of: (i) Developer, without the prior written consent thereto by Developer, for so long as Developer holds at least one (1) Lot for sale in the ordinary course of business; and (ii) any "Institutional Mortgagee" (as such term is defined in the Declaration) without the prior written consent of such Institutional Mortgagee.

G. Any instrument amending these Articles shall identify the particular article or articles being amended and shall provide a reasonable method to identify the amendment being made. A certified copy of each of such amendment shall be attached to any certified copy of these Articles.

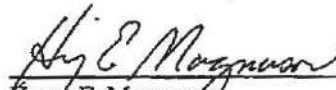
H. Notwithstanding the foregoing provisions of this Article XIII, no amendment to these Articles shall be adopted which shall abridge, amend or alter the rights of: (i) Developer, including, but not limited to Developer's right to designate and select members of the First Board or otherwise designate and select Directors as provided in Article X hereof; or (ii) shall any amendment to these Articles be adopted or become effective without the prior written consent of Developer.

I. Notwithstanding the foregoing provisions, as long as the Class B membership exists, the following actions require the prior approval of the Federal Housing Administration ("FHA") or Veteran's Administration ("VA"): annexation of additional properties, mergers and consolidations, mortgaging of common area, dedication of common area, dissolution and amendment of these Articles.

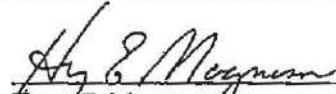
ARTICLE XIV  
REGISTERED OFFICE AND REGISTERED AGENT

The street address of the initial registered office of the Association is 3323 W. Commercial Blvd., Suite 100, Fort Lauderdale, Florida 33309, and the initial registered agent of the Association at that address shall be Henry E. Magnuson.

IN WITNESS WHEREOF, the Incorporator has hereunto affixed his signature, this 29<sup>th</sup> day of May, 1997.

  
Henry E. Magnuson

The undersigned hereby accepts the designation of Registered Agent as set forth in Article XIV of these Articles of Incorporation, and acknowledges that he is familiar with, and accepts the obligations imposed upon registered agents under the Florida Not-For-Profit Corporate Act.

  
Henry E. Magnuson

Dated: 5/29/97

STATE OF FLORIDA    )  
                                  ) SS:  
COUNTY OF BROWARD )

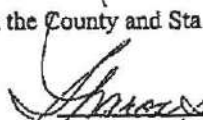
I HEREBY CERTIFY that on this day, before me, an off aforesaid and in the County aforesaid to take acknowledgments, app to me known to be the person described as Incorporator and Register OF THE WATERWAYS AT QUIET WATERS ASSOCIATION, I me that he executed the same for purposes therein expressed. He i produced ~~as~~ identification.

Townhomes

WITNESS my hand and official seal in the County and Sta May 1997.



Sharon Sue Carter  
MY COMMISSION # C0813380 EXPIRES  
February 6, 2001  
BONDED THROUGH TRICITY FARM INSURANCE

  
Notary Public,  
SHARON  
Typed, printed

My Commission Expires:

FILED  
97 JUN -2 AM 11:53  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA