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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND  
EASEMENTS  
FOR  
WATERMILL  
AND  
NOTICE OF ASSESSMENTS FOR WATERMILL  
MASTER ASSOCIATION, INC.**

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THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS is made as of the 22<sup>ND</sup> day of March, 2001, by WATERMILL, L.L.C., a Florida limited liability Company, which declares hereby that the "Property" described in Article 2 of this Declaration is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth.

## ARTICLE 1.

### DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions.

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

"Architectural Control Committee" or "Committee" shall mean and refer to the committee of the Master Association responsible for performing the architectural review and approval functions set forth in Article 8 of this Declaration.

"Articles" or "Articles of Incorporation" mean the Articles of Incorporation of the Master Association, as amended from time to time. A copy of the initial Articles of Incorporation of the Master Association is attached hereto as Exhibit "B".

"Assessments" shall mean and refer to the various forms of payment to the Master Association which are required to be made by Owners, as more particularly defined in Article 7 of this Declaration.

"Master Association" shall mean and refer to WATERMILL MASTER ASSOCIATION, INC., a Florida corporation not for profit.

"Board" or "Board of Directors" shall mean and refer to the duly constituted Board of Directors of the Master Association, from time to time.

"Bylaws" mean the Bylaws of the Master Association, as amended from time to time. A copy of the initial Bylaws of the Master Association is attached hereto as Exhibit "C".

"Common Property" shall mean and refer to the Property legally described in Exhibit "F" attached hereto and made a part hereof, plus all property designated as Common Property in any future recorded supplemental declaration or deed of conveyance; together with the landscaping and any improvements thereon, including, without limitation, all of the following if located thereon, any private roadways and pedestrian walkway areas, structures, recreational facilities, open space, walkways, accessways, public plazas, irrigation systems and street lights, if

any, but excluding any public utility installations thereon. The Common Property to be maintained by the Association in accordance with the provisions hereof, shall include all of the right of way, including landscaping, grass, and irrigation (excluding the paving) within the portion of Argyle Forest Boulevard lying immediately adjacent to the Property. Without limiting the generality of Section 1.2, in the event that Declarant determines that a particular portion of the Property is or is not Common Property hereunder (in the manner provided in said Section 1.2) such determination shall be binding and conclusive. In the event that the Master Association accepts an easement or similar grant over, under or through any portion of the Property or any property adjacent thereto or in the vicinity thereof, the area subject to such easement shall be deemed Common Property for the purposes of but only for the purposes of, the Master Association performing whatever duties or obligations are stated in, or implied by law with respect to such easement or other grant.

"Community Systems" shall mean and refer to any and all cable television, telecommunication, optic cable systems, alarm/monitoring or other lines, conduits, wires, amplifiers, towers, antennae, equipment, materials, installations and fixtures (including those based on, containing or serving future technological advances not now known) installed by Declarant or pursuant to any grant of easement or authority by Declarant within the Property and serving more than one Lot or Unit.

"County" shall mean and refer to Duval County, Florida.

"Declarant" shall mean and refer to WATERMILL, L.L.C., a Florida limited liability company, its successors and such of its assigns as to which the rights of Declarant hereunder are specifically assigned. Declarant may assign all or a portion of its rights hereunder, or all or a portion of such rights in connection with appropriate portions of the Property or the Future Development Property (as hereinafter defined). In the event of such a partial assignment, the assignee shall not be deemed the Declarant, but may exercise such rights of Declarant specifically assigned to it. Any such assignment may be made on a nonexclusive basis. The rights of Declarant under this Declaration are independent of the Declarant's rights to control the Board of Directors of the Master Association, and, accordingly, shall not be deemed waived, transferred or assigned to the Owners, the Board or the Master Association upon the transfer of control of the Master Association.

"Declaration" means this instrument and all exhibits attached hereto, as same may be amended from time to time.

"Future Development Property" shall mean and refer to the Property described on Exhibit "D" attached hereto and made a part hereof, any or all of which may, but none which shall be obligated to, be brought within the Property. NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, THE FUTURE DEVELOPMENT PROPERTY SHALL NOT BE DEEMED

BURDENED BY THE TERMS AND CONDITIONS OF THIS DECLARATION UNLESS AND UNTIL SAME (OR ANY PORTION THEREOF) IS BROUGHT HEREUNDER BY A SUPPLEMENTAL DECLARATION DULY EXECUTED AND RECORDED IN THE PUBLIC RECORDS OF THE COUNTY.

"Limited Common Property" shall mean and refer to such portions of the Common Property which are intended for the exclusive use (subject to the rights, if any, of the County, the City, the Master Association and the public) of the Owners of specific Lots or Units, to the exclusion of others. Unless otherwise provided specifically to the contrary, reference to the Common Property shall include the Limited Common Property.

"Lot" shall mean and refer to an individual parcel of land within the Property which is shown as an individual lot on the various site plans (or similar plans) adopted by the Declarant from time to time and, after the conveyance thereof by Declarant to an Owner other than the Declarant, the lot legally described in the deed of such conveyance. In the case of a condominium made subject to this Declaration, the "Lots" therein shall be the individual condominium units thereof and not the parcel(s) of real property on which the condominium is constructed.

"Member" shall mean and refer to all those Owners who are Members of the Master Association as hereinafter provided, including, without limitation, the Declarant.

"Member's Permittees" shall mean and refer to the following persons and such persons' families (provided that the Owner or other permitted occupant must reside with his/her family): (i) an individual Owner(s), (ii) an officer, director, stockholder or employee of a corporate owner, (iii) a partner in or employee of a partnership owner, (iv) a fiduciary or beneficiary of an ownership in trust, or (v) occupants named or described in a lease or sublease, but only if approved in accordance with this Declaration. As used herein, "family" or words of similar import shall be deemed to include a spouse, children, parents, brothers, sisters, grandchildren and other persons permanently cohabiting the Unit as or together with the Owner or permitted occupant thereof. As used herein, "guest" or words of similar import shall include only those persons who have a principal residence other than the Unit.

"Mortgage" means any bona fide first Mortgage encumbering a Lot or a Unit as security for the repayment of a debt obligation.

"Mortgagee" means any bank savings and loan association or other recognized institutional lender, and insurer or guarantor of Mortgages and any holder of Mortgages in the secondary market (including without limitation, the Veteran's Administration, the Federal Housing Administration, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association), holding a Mortgage now or hereafter placed upon any Lot or Unit, including Declarant, or its assignee.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Unit situated upon or within the Property.

"Plat" shall mean and refer to the recorded survey of any portion of the Property which is made and recorded in accordance with Chapter 177, Florida Statutes.

"Property" shall mean and refer to all properties described in Exhibit "A" attached hereto and made a part hereof, and all additions thereto, now or hereafter made subject to this Declaration, except such as are withdrawn from the provisions hereof in accordance with the procedures set forth in this Declaration.

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

"Sub-Association" shall mean any association created or to be created to administer specific portions of the Property and Common Property or common elements lying within such portions pursuant to a declaration of condominium or declaration of covenants and restrictions affecting such portions.

"Supplemental Declaration" shall mean and refer to an instrument executed by the Declarant (or the Master Association, if permitted by Section 2.4 hereof) and recorded in the Public Records of the County, for the purpose of adding to the Property, withdrawing any portion(s) thereof from the effect of this Declaration, designating a portion of the Property as a Common Property hereunder or a Common Property of a Sub-Association or for such other purposes as are provided in this Declaration.

"Unit" shall mean and refer to any dwelling unit constructed on a Lot or any condominium dwelling unit in any condominium building that may be erected on any parcel of land within the Property, which land is designated by Declarant by recorded instrument to be subject to this Declaration (and to the extent Declarant is not the Owner thereof, then by Declarant joined by the Owner thereof).

"WaterMill Community" shall mean any and all land which is from time to time subjected to this Declaration, including without limitation, the Property and the Future Development Property.



1.2 Interpretation.

The provisions of this Declaration as well as those of the Articles, Bylaws and any rules and regulations of the Master Association shall be interpreted by the Board of Directors. Any such interpretation of the Board which is rendered in good faith shall be final, binding and conclusive if the Board receives a written opinion of legal counsel to the Master Association, or the counsel having drafted this Declaration or other applicable document, that the interpretation is not unreasonable, which opinion may be rendered before or after the interpretation is adopted by the Board. Notwithstanding any rule of law to the contrary, the provisions of this Declaration and the Articles, Bylaws and the Rules and Regulations of the Master Association shall be liberally construed so as to effectuate the purposes herein expressed with respect to the efficient operation of the Master Association and the Property, the preservation of the values of the Lots and Units and the protection of Declarant's rights, benefits and privileges herein contemplated.

**ARTICLE 2.**

**PROPERTY SUBJECT TO THIS DECLARATION;**

**ADDITIONS THERETO**

2.1 Legal Description.

The initial real property which is owned by Declarant and which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in the County, and is more particularly described in Exhibit "A" attached hereto and made a part hereof, all of which real property (and all improvements thereto), together with additions thereto, but less any withdrawals therefrom, is herein referred to collectively as the "Property" at the time of recording this Declaration. Certain lands owned by Timber Pointe, L.L.C. are also subjected to the terms and conditions of this Declaration and are described in Exhibit "A". The consent of the Timber Pointe, L.L.C. is attached hereto.

2.2 Supplements. Declarant may from time to time subject other land within the Future Development Property under the provisions of this Declaration by Supplemental Declarations (which shall not require the consent of then existing Owners, the Master Association or any Mortgagee other than that, if any, of the land intended to be added to the Property) and thereby add to the Property. To the extent that such additional real property shall be made a part of the Property, reference herein to the Property shall be deemed to be reference to all of such additional property where such reference is intended to include property other than that legally described above. Nothing herein, however, shall obligate Declarant to

add to the initial portion of the Property, to develop any such future portions under a common scheme, nor to prohibit Declarant from rezoning and changing plans with respect to such future portions. All Owners, by acceptance of a deed to or other conveyance of their Lots or Units shall be deemed to have automatically consented to any such rezoning, replatting, covenant in lieu of unity of title, change, addition or deletion thereafter made by Declarant (or the applicable Declarant-affiliated Owner) and shall evidence such consent in writing if requested to do so by Declarant at any time (provided, however, that the refusal to give such written consent shall not obviate the general and automatic effect of this provision). A Supplemental Declaration, including without limitation, a declaration of condominium, may vary the terms of this Declaration by addition, deletion or modification so as to reflect any unique characteristics of a particular portion of the Property identified therein; provided, however, that no such variance shall be directly contrary to the uniform scheme of development of the Property.

2.3 Withdrawal.

Declarant reserves the right to amend this Declaration unilaterally at any time, without prior notice and without the consent of any person or entity, for the purpose of removing certain portions of the Property (including, without limitation, Lots, Units, Common Property and/or Limited Common Property) then owned by the Declarant or its affiliates or the Master Association from the provisions of this Declaration to the extent included originally in error or as a result of any changes whatsoever in the plans for the Property desired to be effected by the Declarant; provided, however, that such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Property.

2.4 Common Property.

In the event of any doubt, conflict or dispute as to whether any portion of the Property is or is not a Common Property under this Declaration or a Common Property of a Sub-Association, the Declarant may, without the consent of the Master Association or then existing Owners, record in the public records of the County, a Supplemental Declaration resolving such issue and such Supplemental Declaration shall be dispositive and binding. After the Declarant no longer owns any portion of the Property, the Master Association may, without the consent of then existing Owners, record the aforesaid Supplemental Declaration, which shall have the same dispositive and binding effect. Notwithstanding the foregoing, no Supplemental Declaration may change the common elements of a condominium.

2.5 Lands Owned by Others.

From time to time the Declarant may permit lands to be annexed which are owned by other persons. Any declaration or supplemental declaration which subjects lands owned by other persons, irrespective of whether such lands are part of the Future Development Property may be annexed provided that the Owner of such land and the Declarant consent to such annexation.

**ARTICLE 3.**

**MEMBERSHIP AND VOTING RIGHTS IN THE MASTER ASSOCIATION**

3.1 Membership.

Every person or entity who is a record Owner of a fee interest in any Lot or Unit shall be a Member of the Master Association. Notwithstanding anything else to the contrary set forth in this Article, any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member of the Master Association.

3.2 Voting Rights.

The Master Association shall have such classes of Voting Members, who shall cast such votes, as are provided in the Articles of Incorporation of the Master Association.

3.3 General Matters.

When reference is made herein, or in the Articles, Bylaws, Rules and Regulations, management contracts or otherwise, to a majority or specific percentage of Members, such reference shall be deemed to be reference to a majority or specific percentage of the votes of Members represented at a duly constituted meeting of their Voting Members voting for them (i. e., one for which proper notice has been given and at which a quorum exists) and not of the Members themselves or of their Lots or Units.

ARTICLE 4.

COMMON PROPERTY; CERTAIN EASEMENTS;

COMMUNITY SYSTEMS

4.1 Members' Easements.

Except for Limited Common Property as herein specified, each Member, and each Member's Permittee, shall have a non-exclusive permanent and perpetual easement over and upon the Common Property for the intended use and enjoyment thereof in common with all other such Members, Member's Permittees, their agents and invitees, but in such manner as may be regulated by the Master Association. Without limiting the generality of the foregoing, such rights of use and enjoyment are hereby made subject to the following:

(a) The right and duty of the Master Association to levy assessments against each Lot or Unit for the purpose of maintaining the Common Property and any facilities located thereon in compliance with the provisions of this Declaration and/or as set forth on the Plats of portions of the Property from time to time recorded.

(b) The right of the Master Association to suspend the Member's (and his Member's Permittees') right to use the Common Property recreational facilities (if any) for any period during which any assessment against his Lot or Unit remains unpaid for more than thirty (30) days; and for a period not to exceed sixty (60) days for any infraction of this Declaration or the Master Association's lawfully adopted rules and regulations.

(c) The right of the Master Association to charge reasonable admission and other fees for the use of recreational facilities (if any) situated on the Common Property.

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

(e) The right to the use and enjoyment of the Common Property and facilities thereon shall extend to all Members' Permittees, subject to regulation from time to time by the Master Association as set forth in its lawfully adopted and published rules and regulations.

(f) The right of Declarant to permit such persons as Declarant shall designate to use the Common Property and all recreational facilities located thereon (if any).

(g) The right of Declarant and the Master Association to have, grant and use blanket and specific easements over, under and through the Common Property.

(h) The right of the Master Association to dedicate or convey portions of the Common Property to any other association having similar functions, or any public or quasi-public agency, community development district or similar entity under such terms as the Master Association deems appropriate and to create or contract with the other association, community development and special taxing districts for lighting, roads, recreational or other services, monitoring, or communications and other similar purposes deemed appropriate by the Master Association (to which such dedication or contract all Owners, by the acceptance of the deeds to their Lots or Units, shall be deemed to have consented, no consent of any other party, except Declarant, being necessary).

(i) The right of the Association to mortgage the Common Property with the consent of the Owners holding two thirds of the votes.

(j) The rights of the Declarant to withdraw portions of the Common Property as provided in Section 2.3 above.

(k) The easements set forth in any recorded declaration affecting the Property subject to this Declaration.

#### 4.2 Easements Appurtenant.

The easements provided in Section 4.1 shall be appurtenant to and shall pass with the title to each Lot or Unit, but shall not be deemed to grant or convey any ownership interest in the Common Property subject thereto.

#### 4.3 Maintenance.

The Master Association shall at all times maintain in good repair and manage, operate and insure, and shall replace as often as necessary, the Common Property and, to the extent not otherwise provided for, the paving, drainage structures, landscaping, improvements and other structures (except public utilities and Community Systems, to the extent same have not been made Common Property and except the Limited Common Property to be maintained by Owners or the Sub-Associations) situated on the Common Property, if any, all such work to be done as ordered by the Board of Directors of the Master Association. Without limiting the generality of the foregoing, the Master Association shall assume all of Declarant's

and its affiliates' responsibilities to the County, the City, and its and their governmental and quasi-governmental subdivisions and similar entities of any kind with respect to the Common Property and shall indemnify and hold Declarant and its affiliates harmless with respect thereto in the event of the Master Association's failure to fulfill those responsibilities. All work pursuant to this Section and all expenses incurred or allocated to the Master Association pursuant to this Declaration shall be paid for by the Master Association through assessments (either general or special) imposed in accordance herewith. The Master Association, on behalf of itself and/or all or appropriate Sub-Associations, shall have the power to incur, by way of contract or otherwise, expenses general to all or applicable portions of the Property, or appropriate portions thereof, and the Master Association shall then have the power to allocate portions of such expenses among the Master Association and/or the Sub-Associations, based on such formula as may be adopted by the Master Association or as otherwise provided in this Declaration or any Supplemental Declaration. The portion so allocated to the Master Association or any Sub-Association shall be deemed a general expense thereof, collectible through its own assessments. No Owner may waive or otherwise escape liability for assessments by non-use (whether voluntary or involuntary) of the Common Property or abandonment of the right to use the Common Property. Without limiting the generality of the foregoing, the Master Association shall assume all of Declarant's and its affiliates' responsibility to the City and the County and their governmental and quasi-governmental subdivisions of any kind with respect to the Property and shall fully indemnify and hold Declarant (and its affiliates), the City and the County (and their governmental and quasi-governmental subdivisions of any kind), and the parties joining herein harmless with respect thereto.

#### 4.4 Street Lights.

Except to the extent that street lights are maintained by JEA or its successor or assign, the Master Association shall be responsible for the operation, maintenance, repair of all replacements of street lighting fixtures, installations and equipment serving the Common Property (solely or primarily), even if same are located within the Common Property/elements owned or administered by a Sub-Association (and said fixtures, installations and equipment shall be deemed Common Property for the aforesaid purposes). In the event of doubt as to whether any particular street lighting serves the Common Property solely or primarily, the decision of the Board of Directors in such regard shall be final and conclusive. Notwithstanding the foregoing, in the event that a Sub-Association requests the Master Association to maintain, repair or replace any street lighting fixtures, installations or equipment which would not otherwise fall under the Master Association's responsibilities, then the Master Association may do so as long as all costs and expenses thereof are paid by the requesting Sub-Association. Charges for electricity used by street lights shall be paid by the Master Association or Sub-Association, depending upon to which Association's account such electricity is metered (as originally established by Declarant or the applicable utility company).

4.5 Easements for Vehicular Traffic.

In addition to the general easements for use of the Common Property reserved herein, there shall be, and Declarant hereby reserves and covenants for itself and all future Owners of Lots or Units within the Property, that each and every Owner, and Declarant, shall have a non-exclusive easement appurtenant for vehicular traffic over all private streets within the Common Property, subject to the parking restrictions set forth herein.

4.6 Utility and Community Systems Easements.

Use of the Common Property for utilities and Community Systems, as well as use of the other utility easements as shown on relevant Plats, shall be in accordance with the applicable provisions of this Declaration and said Plats. Declarant and its affiliates and its and their designees shall have a perpetual easement over, upon and under the Common Property and the unimproved portions of the Lots or Units for the installation, operation, maintenance, repair, replacement, alteration and expansion of Community Systems and other utilities.

4.7 Public Easements.

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

4.8 Ownership.

The Common Property is hereby dedicated non-exclusively to the joint and several use, in common, of Declarant, and the Owners of all Lots and Units that may from time to time constitute part of the Property and all Member's Permittees and Declarant's tenants, guests and invitees, all as provided and regulated herein or otherwise by the Master Association, subject to Section 2.3 hereof. The Common Property (or appropriate portions thereof) shall, upon the later of completion of the improvements thereon or the date when the last Lot or Units within the Property (and the Future Development Property if then contemplated to be added to the Property by Declarant, in Declarant's sole and absolute opinion) has been conveyed to a purchaser (or at any time and from time to time sooner at the sole election of Declarant), be conveyed by quit claim deed (free and clear of monetary liens and encumbrances, but subject to such reserved easements as Declarant determines are necessary or convenient) to the Master Association, which shall be deemed to have automatically accepted such conveyance. Beginning from the date this Declaration is recorded, the Master Association shall be responsible for the maintenance, insurance and administration of such Common Property (whether or not then conveyed or to be conveyed to the Master Association), all of which shall be performed in a continuous and satisfactory manner without cost to the general taxpayers of the County. It is intended that any and all real estate taxes and

assessments assessed against the Common Property shall be (or have been, because the purchase prices of the Lots and Units have already taken into account their proportionate shares of the values of the Common Property), proportionally assessed against and payable as part of the taxes of the applicable Lots and Units within the Property. However, in the event that, notwithstanding the foregoing, any such taxes are assessed directly against the Common Property, the Master Association shall be responsible for the payment (subject to protest or appeal before or after payment) of same, including taxes on any improvements and any personal property located thereon, which taxes accrue from and after the date this Declaration is recorded, and such taxes shall be prorated between Declarant and the Master Association as of the date of such recordation.

Declarant and its affiliates shall have the right from time to time to enter upon the Common Property and other portions of the Property (including, without limitation, Lots and Units) for the purpose of the installation, construction, reconstruction, repair, replacement, operation, expansion and/or alteration of any improvements or facilities on the Common Property or elsewhere on the Property that Declarant and its affiliates or designees elect to effect, and to use, without charge, the Common Property and other portions of the Property for sales, displays and signs or for any other purpose during the period of construction and sale of any portion thereof or of other portions of adjacent or nearby property. Without limiting the generality of the foregoing, Declarant and its affiliates shall have the specific right to maintain upon any portion of the Property sales, administrative, construction or other offices and appropriate exclusive and non-exclusive easements of access and use are expressly reserved unto Declarant and its affiliates, and its and their successors, assigns, employees and contractors, for this purpose. Any obligation (which shall not be deemed to be created hereby) to complete portions of the Common Property shall, at all times, be subject and subordinate to these rights and easements and to the above-referenced activities. Accordingly, Declarant shall not be liable for delays in such completion to the extent resulting from the need to complete any of the above-referenced activities prior to such completion. There shall be no absolute liability imposed on Owners from damage to Common Property in the Watermill Community.

#### 4.9 Community Systems.

Declarant shall have the right, but not the obligation, to convey, transfer, sell or assign all or any portion of the Community Systems located within the Property, or all or any portion of the rights, duties or obligations with respect thereto, to the Master Association or any other person or entity (including an Owner, as to any portion of a Community System located on/in his Lot or Unit). Without limiting the generality of Section 1.1(j) hereof, if and when any of the aforesaid entities receives such a conveyance, sale, transfer or assignment, such entity shall automatically be deemed vested with such rights of Declarant with regard thereto as are assigned by Declarant in connection therewith. Provided, however, that if the Master



Association is the applicable entity, then any Community Systems or portions thereof shall be deemed Common Property hereunder and the Master Association's rights, duties and obligations with respect thereto shall be the same as those applicable to other Common Property unless otherwise provided by Declarant. Any conveyance, transfer, sale or assignment made by Declarant pursuant to this Section, (i) may be made with or without consideration, which consideration may be retained by the Declarant), (ii) shall not require the consent or approval of the Master Association or any Owner and (iii) if made to the Master Association, shall be deemed to have been automatically accepted (with all rights, duties, obligations and liabilities with respect thereto being deemed to have been automatically assumed). In recognition of the intended increased effectiveness and potentially decreased installation and maintenance costs and user fees arising from the connection of all Units or Lots in the Property to the applicable Community Systems, each Owner and occupant of a Unit or Lot shall by virtue of the acceptance of the deed or other right of occupancy thereof, be deemed to have consented to and ratified any and all agreements to which the Master Association is a party which is based upon (in terms of pricing structure or otherwise) a requirement that all Units or Lots be so connected. The foregoing shall not, however, prohibit the Master Association or Community Systems provider from making exceptions to any such 100% use requirement in its reasonable discretion.

## ARTICLE 5.

### MAINTENANCE OF UNITS AND LOTS

#### 5.1 Lots and Exteriors of Units.

Unless required to be maintained by a Sub-Association, the Owner of a Lot shall maintain all exterior surfaces and roofs, fascias and soffits of the structures (including the Unit) and other improvements located on the Lot (including driveway and sidewalk surfaces and the portion of the right of way lying between the extensions of the side Lot lines and the paving of the road as well as any portion of land lying between the Owner's Lot line and the edge of water in any lake) in a neat, orderly and attractive manner. The aforesaid maintenance shall include maintaining screens (including screen enclosures), windows and doors (including the wood and hardware of sliding glass doors). The minimum (though not sole) standard for the foregoing shall be consistency with the general appearance of the Property as initially constructed and otherwise improved (taking into account, however, normal weathering and fading of exterior finishes, but not to the point of unsightliness). The Owner shall clean, repaint or restrain, as appropriate, the exterior portions of each Unit (with the same colors as initially used on the Unit), as often as is necessary to comply with the foregoing standards.

5.2 Right of Entry.

In addition to such other remedies as may be available under this Declaration, in the event that an Owner fails to maintain a Unit or Lot, the Master Association shall have the right to enter upon the Unit or Lot in question and perform such duties; provided, however, that such entry shall be during reasonable hours and only after five (5) days' prior written notice. The Owner having failed to perform its maintenance duties shall be liable to the Master Association for the costs of performing such remedial work and shall pay a surcharge of not more than thirty five percent (35%) of the cost of the applicable remedial work, all such sums being payable upon demand and to be secured by the lien provided for in Article 7 hereof. No bids need be obtained for any of the work performed pursuant to this Article and the person(s) or company performing such work may be selected by the Master Association in its sole discretion. There is hereby created an easement in favor of the Master Association, and its applicable designees over each Lot and Unit for the purpose of entering onto the Lot or Unit in the performance of the work herein described, provided that the notice requirements of this Article are complied with.

**ARTICLE 6.**

**CERTAIN USE RESTRICTIONS**

6.1 Applicability.

The provisions of this Article 6 shall be applicable to all of the Property but shall not be applicable to Declarant or any of its designees or to Lots or Units, or other property owned by Declarant or its designees.

6.2 Uses of Lots and Units.

All Lots and Units (and appurtenant Common Property) shall be used for the general purposes for which they are designed and intended and at all times used, operated and maintained in accordance with applicable zoning and other requirements, conditions and restrictions applicable to same (including, without limitation, any deed or lease of the Lot or Unit from the Declarant, as same may be amended from time to time).

6.3 Easements.

Easements for the installation and maintenance of utilities and Community Systems are reserved as shown on the recorded Plats covering the Property and/or as provided herein. The appropriate water and sewer authority, electric utility company, telephone company, the Master Association, and Declarant and its affiliates, and their respective successors and assigns, shall have a perpetual

easement for, but no obligation for, the installation and maintenance of all underground, of water lines, sanitary sewers, storm drains, and electric, telephone and Community System lines, cables and conduits, under and through the utility easements as shown on the Plats.

6.4 Nuisances.

Nothing shall be done or maintained on any Lot or Unit which may be or become an annoyance or nuisance to the occupants of other Lots or Units. Any activity on a Lot or Unit which interferes with television, cable or radio reception on another Lot or Unit shall be deemed a nuisance and a prohibited activity. In the event of a dispute or question as to what may be or become a nuisance, such dispute or question shall be submitted to the Board of Directors, which shall render a decision in writing, which decision shall be dispositive of such dispute or question.

6.5 Oil and Mining Operation.

No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in the Property, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in the Property. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any portion of the Property subject to these restrictions.

6.6 Visibility at Intersections.

No obstruction to visibility at street intersections or Common Property intersections shall be permitted; provided that the Master Association shall not be liable in any manner to any person or entity, including Owners and Members Permittees, for any damages, injuries or deaths arising from any violation of this Section.

6.7 Parking and Vehicular Restrictions.

Parking in or on the Common Property or on any Lot or Unit shall be restricted to the parking areas therein designated for such purpose. No person shall park, store or keep on any portion of the Common Property, Lot or Unit any large commercial type vehicle (for example, dump truck, motor home, trailer, cement mixer truck, oil or gas truck, delivery truck, etc.), nor may any person keep any other vehicle on the Common Property, Lot or Unit which is deemed to be a nuisance by the Board. Any boat, boat trailer or other water craft, camper, trailer or other recreational vehicle must be parked in a garage or be stored in the rear or side yard screened from view from the street by a six (6') foot fence as strictly approved by the Committee on a site specific basis in the Committee's sole discretion. Provided however, no boat, boat trailer, watercraft, recreational vehicle or any other type of vehicle may be stored on a Lot where such vehicle is visible from a lake.

No trailer, camper, motor home or recreation vehicle shall be used as a residence, either temporarily or permanently, or parked on the Common Property, Lot or Unit. No person shall conduct major repairs (except in an emergency) or major restorations of any motor vehicle, boat, trailer, or other vehicle upon any portion of the Common Property, Lot or Unit. All vehicles will be subject to height, width and length restrictions and other rules and regulations now or hereafter adopted. The decision of Declarant to assign specific parking spaces within the Common Property to designated companies or persons, or for specified uses, shall be final, binding and conclusive.

6.8 Exterior Antennas.

To the extent permitted by law, no exterior antennas, satellite dishes or similar equipment shall be permitted on any Lot, Unit or improvement thereon, except that Declarant and its affiliates shall have the right to install and maintain Community Systems. In all events any antenna, satellite dish or similar equipment shall be subject to architectural control under Article 8, to the extent permitted by law.

6.9 Renewable Resource Devices.

Nothing in this Declaration shall be deemed to prohibit the installation of energy devices based on renewable resources (e. g., solar collector panels); provided, however, that same shall be installed only in accordance with the reasonable standards adopted from time to time by the Architectural Control Committee and with such Board's approval. Such standards shall be reasonably calculated to maintain the aesthetic integrity of the Property without making the cost of the aforesaid devices prohibitively expensive.

6.10 Signs.

No sign, poster, display, billboard or other advertising device of any kind shall be displayed to the public view on any portion of a Lot, Unit or the Common Property without the prior written consent of the Architectural Control Committee, except signs, regardless of size, used by Declarant, its successors or assigns, for advertising during the construction, sale and leasing period.

6.11 Animal Restriction.

No animals, livestock, reptiles or poultry of any kind shall be raised, bred, or kept on or in any Common Property or on any Lot or in any Unit except two (2) dogs and (2) cats. No dog, cat or other pet may run loose (unleashed) on Common Property, and pets may be walked only in areas designated for such purpose by the Master Association, if any. Specific rules and regulations which are more restrictive regarding pets may be adopted by the Sub-Associations, or pursuant to a Supplemental Declaration.

Provided however, the Master Association is not required to take legal action in order to enforce this provision. The Master Association may, in its sole discretion, determine to permit certain matters to be determined by and among the Owners.

6.12 Trash.

No rubbish, trash, garbage or other waste material shall be kept or permitted on Common Property except in containers located in appropriate areas, if any, and no odor shall be permitted to arise therefrom so as to render Common Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No lumber, grass, shrub or tree clippings or plant waste, metals, bulk material or scrap or refuse or trash shall be kept, except within an enclosed structure appropriately screened from view erected for that purpose, if any, and otherwise in accordance with the approval of the Committee.

6.13 Temporary Structures.

Except as may be used or permitted by the Declarant during periods of construction, renovation, marketing and sales, no structure of a temporary nature (including, without limitation, trailers, tents, shacks or mobile offices) shall be located or used within the Property.

6.14 Mailbox.

No mail box or paper box or other receptacle of any kind for use in delivery of mail, newspapers or magazines may be erected or located on any Lot or Unit without the approval of the Committee.

6.15 Variances.

The Board of Directors of the Master Association shall have the right and power to grant variances from the provisions of this Article and from the Master Association's rules and regulations for good cause shown, as determined in the reasonable discretion of the Board. No variance granted as aforesaid shall alter, waive or impair the operation or effect of the provisions of this Article in any instance in which such variance is not granted.

6.16 Declarant Exemption.

In order that the development of the Property may be undertaken and the Property established as a fully occupied community, no Owner, nor the Master Association, nor any Sub-Association shall do anything to interfere with Declarant's activities. Without limiting the generality of the foregoing, nothing in this Declaration shall be understood or construed to:

(a) Prevent Declarant, its successors or assigns, or its or their contractors or subcontractors, from doing on any property owned by them whatever they determine to be necessary or advisable in connection with the completion of the development of the Property and the Future Development Property, including without limitation, the alteration of its construction plans and designs as Declarant deems advisable in the course of development (all models or sketches showing plans for future development of the Property, as same may be expanded, may be modified by the Declarant at any time and from time to time, without notice); or

(b) Prevent Declarant, its successors or assigns, or its or their contractors, subcontractors or representatives, from erecting, constructing and maintaining on any property owned or controlled by Declarant, or its successors or assigns or its or their contractors or subcontractors, such structures including sales and/or construction trailers as may be reasonably necessary for the conduct of its or their business of completing said development and establishing the Property as a community and disposing of the same by sale, lease or otherwise; or

(c) Prevent Declarant, its successors or assigns, or its or their contractors or subcontractors, from conducting on any property owned or controlled by Declarant, or its successors or assigns, its or their business of developing, subdividing, grading and constructing improvements in the Property and the Future Development Property and of disposing of Lots and/or Units therein by sale, lease or otherwise; or

(d) Prevent Declarant, its successors or assigns, from determining in its sole discretion the nature of any type of improvements to be initially constructed as a part of the Property; or

(e) Prevent Declarant, its successors or assigns or its or their contractors or subcontractors, from maintaining such sign or signs on any property owned or controlled by any of them as may be necessary in connection with the operation of any Lots or Units owned by Declarant (its successors or assigns) or the sale, lease or other marketing of Lots and/or Units, or otherwise from taking such other actions deemed appropriate; or

(f) Prevent Declarant, or its successors or assigns from filing Supplemental Declarations which modify or amend this Declaration, or which add or withdraw additional property as otherwise provided in this Declaration; or

(g) Prevent Declarant from modifying, changing, re-configuring, removing or otherwise altering any improvements located on the Common Property.

In general, the Declarant shall be exempt from all restrictions set forth in this Declaration to the extent such restrictions interfere in any matter with Declarant's plans for construction, development, use, sale or other disposition of the Property and the Future Development Property, or any part thereof.

ARTICLE 7.

COVENANT FOR MAINTENANCE ASSESSMENTS

7.1 Creation of the Lien and Personal Obligation for Assessments.

Except as provided elsewhere herein, Declarant (and each party joining in any supplemental declaration), for all Lots and Units now or hereafter located within the Property, hereby covenants and agrees, and each Owner of any Lot or Unit by acceptance of a deed therefor or other conveyance thereof, whether or not it shall be so expressed in such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Master Association annual assessments and charges for the operation of, and for payment of expenses allocated or assessed to or through the Master Association, of and for the maintenance, management, operation and insurance of the Common Property (including, without limitation, the Stormwater Management System and maintenance of Argyle Forest Boulevard) and the Master Association and any applicable Community Systems as provided elsewhere herein, including such reasonable reserves as the Master Association may deem necessary, capital improvement assessments, as provided in Section 7.5 hereof, special assessments as provided in Section 7.4 hereof and all other charges and assessments hereinafter referred to or lawfully imposed by or on the Master Association, all such assessments to be fixed, established and collected from time to time as herein provided. In addition, special assessments may be levied against particular Owners and Lots or Units for fines, expenses incurred against particular Lots, Units and/or Owners to the exclusion of others and other charges against specific Lots, Units or Owners as contemplated in this Declaration. The annual, special and other assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot or Unit against which each such assessment is made. Each such assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person who is the Owner of such property at the time when the assessment fell due and all subsequent Owners until paid, except as provided in Section 7.9 below. Reference herein to assessments shall be understood to include reference to any and all of said charges whether or not specifically mentioned.

7.2 Rates of Assessments.

Assessments shall be made at a uniform rate against applicable Assessment Units. For the purposes hereof each Lot or Unit shall constitute one (1) Assessment Unit.

In the event of any dispute as to the allocation of assessments, the determination of the Board of the Master Association shall be binding and dispositive. Declarant may modify such formula with respect to future Lots or Units in the Supplemental Declaration bringing such Units under the provisions hereof in order to account for unforeseen changes in development plans and to maintain an equitable system of Assessment allocation, provided that no change may be made in the allocation of Assessments among residential condominium Units insofar as it is the intent hereof that each such Unit shall be required to bear a proportionate burden of Assessments. To the extent that Property to be developed for non residential uses may be subjected to this Declaration, the Supplemental Declaration shall set forth the equivalent Assessment Units for each such use.

The Board of Directors shall budget and adopt assessments for the Master Association's general expenses and for those expense items associated with any Limited Common Property (which may be declared hereby or in any Supplemental Declaration by the Declarant alone, and the expenses attributable to same shall be borne solely by those persons entitled to use of the Limited Common Property, unless otherwise provided herein or in such Supplemental Declaration).

7.3 Purpose of Assessments.

The regular assessments levied by the Master Association shall be used for the purposes expressed in Section 7.1 above and for such other purposes as the Master Association shall have within its powers and from time to time elect to undertake. In addition, the Master Association may enter into an agreement for joint use and maintenance of certain stormwater drainage facilities with the Chimney Lakes Owners Association, Inc., its successors or assigns for the use and maintenance of certain stormwater facilities which serve the properties maintained by each Association. Any charges under such Agreement shall be a part of the common expenses of the Association and shall be a part of the Assessments.

7.4 Special Assessments.

In addition to the regular and capital improvement assessments which are or may be levied hereunder, the Master Association (through the Board of Directors) shall have the right to levy special assessments against an Owner(s) to the exclusion of other Owners (a) for the repair or replacement of damage to any portion of the Common Property (including, without limitation, improvements and landscaping thereon) caused by the misuse, negligence or other action or inaction of an Owner or



thereon) caused by the misuse, negligence or other action or inaction of an Owner or his Member's Permittee ((b) for the costs of work performed by the Master Association in accordance with Article 5 of this Declaration (together with any surcharges collectible thereunder), (c) to obtain funds for a specific purpose(s) which is of a non-recurring nature, for which no reserve funds (or inadequate reserve funds) have been collected or allocated, and which is not the appropriate subject of a capital improvement assessment. Any such special assessment shall be subject to all of the applicable provisions of this Article including, without limitation, lien filing and foreclosure procedures and late charges and interest. Any special assessment levied hereunder shall be due within the time specified by the Board of Directors in the action imposing such assessment or may be of an ongoing nature, as provided in Article 5 hereof.

#### 7.5 Capital Improvements.

Funds which, in the aggregate, exceed the lesser of \$50,000.00 or 10% of the total amount of the current operating budget of the Master Association in any one fiscal year which are necessary for the addition of capital improvements (as distinguished from repairs and maintenance, including repairs and replacement per Article 11 hereof) relating to the Common Property and which have not previously been collected as reserves or are not otherwise available to the Master Association (other than by borrowing) shall be levied by the Master Association as assessments only upon approval of a majority of the Board of Directors of the Master Association and upon approval by two-thirds (2/3) favorable vote of the Members of the Master Association. The costs of any of the aforesaid work which are less than the above-specified threshold amount shall be collected as general or special assessments upon approval of a majority of the Master Association's Board of Directors.

#### 7.6 Date of Commencement of Annual Assessments: Due Dates.

The annual regular assessments provided for in this Article shall commence on the first day of the month next following the recordation of this Declaration and shall be applicable through December 31 of such year. Each subsequent annual assessment shall be imposed for the year beginning January 1 and ending December 31. The annual assessments shall be payable in advance in monthly installments, or in annual, semi-or quarter-annual installments if so determined by the Board of Directors of the Master Association (absent which determination they shall be payable monthly). The assessment amount (and applicable installments) may be changed at any time by said Board from that originally stipulated or from any other assessment that is in the future adopted. The original assessment for any year shall be levied for the calendar year (to be reconsidered and amended, if necessary, at any appropriate time during the year), but the amount of any revised assessment to be levied during any period shorter than a full calendar year shall be in proportion to the number of months (or other appropriate installments) remaining in such

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

#### 7.7 Duties of the Board of Directors.

The Board of Directors of the Master Association shall fix the date of commencement and the amount of the assessment against the Lots and Units subject to the Master Association's jurisdiction for each assessment period, to the extent practicable, at least thirty (30) days in advance of such date or period, and shall, at that time, prepare a roster of the Lots and Units and assessments applicable thereto which shall be kept in the office of the Master Association and shall be open to inspection by any Owner. Written notice of the assessment shall thereupon be sent to every Owner subject thereto twenty (20) days prior to payment of the first installment thereof, except as to special assessments. In the event no such notice of the assessments for a new assessment period is given, the amount payable shall continue to be the same as the amount payable for the previous period, until changed in the manner provided for herein. The Master Association, through the action of its Board of Directors, shall have the power, but not the obligation, to enter into an agreement or agreements from time to time with one or more persons, firms or corporations (including affiliates of Declarant) for management services, including the administration of budgets and assessments as herein provided. The Master Association shall have all other powers provided in its Articles of Incorporation and Bylaws.

#### 7.8 Effect of Non-Payment of Assessment; the Personal Obligation; the Lien; Remedies of the Master Association.

If the assessments (or installments) provided for herein are not paid on the date(s) when due (being the date(s) specified herein or pursuant hereto), then such assessments (or installments) shall become delinquent and shall, together with late charges, interest and the cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot or Unit which shall bind such property in the hands of the then Owner, his heirs, personal representatives, successors and assigns. Except as provided in Section 7.9 to the contrary, the personal obligation of an Owner to pay such assessment shall pass to his successors in title and recourse may be had against either or both. If any installment of an assessment is not paid within fifteen (15) days after the due date, at the option of the Master Association, a late charge not greater than the amount of such unpaid installment may be imposed (provided that only one late charge may be imposed on any one unpaid installment and if such installment is not paid thereafter, it and the late charge shall accrue interest as provided herein but shall not be subject to additional late charges. Provided further, however, that each other installment thereafter coming due shall be subject to one late charge each as aforesaid) or the next twelve (12) months' worth of installments may be accelerated and become immediately due and payable in full and all such sums shall bear interest from the

dates when due until paid at the highest lawful rate (or, if there is no highest lawful rate, 18% per annum). The Master Association may bring an action at law against the Owner(s) personally obligated to pay the same, may record a claim of lien (as evidence of its lien rights as herein above provided for) against the Lot or Unit on which the assessments and late charges are unpaid, may foreclose the lien against the Lot or Unit on which the assessments and late charges are unpaid, or may pursue one or more of such remedies at the same time or successively. Attorneys' fees and costs actually incurred in preparing and filing the claim of lien and the complaint, if any, and prosecuting same, in such action shall be added to the amount of such assessments, late charges and interest secured by the lien. In the event a judgment is obtained, such judgment shall include all such sums as above provided and attorneys' fees actually incurred, whether incurred before, or at trial, on appeal, in post judgment collection or in bankruptcy, together with the costs of the action. In the case of an acceleration of the next twelve (12) months' of installments, each installment so accelerated shall be deemed, initially, equal to the amount of the then most current delinquent installment, provided that if any such installment so accelerated would have been greater in amount by reason of a subsequent increase in the applicable budget, the Owner of the Lot or Unit whose installments were so accelerated shall continue to be liable for the balance due by reason of such increase and special assessments against such Lot or Unit shall be levied by the Master Association for such purpose. In addition to the rights of collection of assessments stated in this Section, any and all persons acquiring title to or an interest in a Lot or Unit as to which the assessment is delinquent, including without limitation persons acquiring title by operation of law and by judicial sales, shall not be entitled to the occupancy of such Lot or Unit or the enjoyment of the Common Property until such time as all unpaid and delinquent assessments due and owing from the selling Owner have been fully paid. Provided, however, that the provisions of this section shall not be applicable to the mortgagees and purchasers contemplated by Section 7.9 below. All assessments, late charges, interest, penalties, fines, attorney's fees and other sums provided for herein shall accrue to the benefit of the Master Association.

Unless delegated to a Sub-Association by the Master Association, it shall be the legal duty and responsibility of the Master Association to enforce payment of the assessments hereunder. Failure of a collecting entity to send or deliver bills or notices of assessments shall not, however, relieve Owners from their obligations hereunder.

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

Unless provided for in a Mortgage on a Unit or a Lot, failure to pay assessments does not constitute a default under a Mortgage.

7.9 Subordination of the Lien.

The lien of the assessments provided for in this Article shall be subordinate to real property tax liens and the lien of any first Mortgage; provided, however, that any such Mortgagee when in possession or any receiver, and in the event of a foreclosure, any purchaser at a foreclosure sale, and any such Mortgagee acquiring a deed in lieu of foreclosure, and all persons claiming by, through or under such purchaser or Mortgagee, shall hold title subject to the liability and lien of any assessment coming due after such foreclosure (or conveyance in lieu of foreclosure). Any unpaid assessment which cannot be collected as a lien against any Lot or Unit by reason of the provisions of this Section shall be deemed to be an assessment divided equally among, payable by and a lien against all Lots and Units subject to assessment by the Master Association, including the Lots and Units as to which the foreclosure (or conveyance in lieu of foreclosure) took place.

7.10 Collection of Assessments.

In the event that at any time the collection of assessments levied pursuant hereto is made by an entity other than the Master Association, all references herein to collection (but not necessarily enforcement) by the Master Association shall be deemed to refer to the other entity performing such collection duties and the obligations of Owners to pay assessments shall be satisfied by making such payments to the applicable collecting entity. No Mortgagee shall be required to collect Assessments.

7.11 Declarant's Assessments.

Notwithstanding anything herein to the contrary, Declarant shall have the option, in its sole discretion, to (i) pay assessments on the Lots or Units owned by it, (ii) pay assessments only on certain designated Lots or Units (e. g., those under construction or those containing a Unit for which a certificate of occupancy has been issued) or (iii) not pay assessments on any Lots or Units and in lieu thereof fund any resulting deficit in the Master Association's operating expenses not produced by assessments receivable from Owners other than Declarant and any other income receivable by the Master Association. The deficit to be paid under option (iii), above, shall be the difference between (a) actual operating expenses of the Master Association (exclusive of capital improvement costs and reserves) and (b) the sum of all monies receivable by the Master Association (including, without limitation, assessments, interest, late charges, fines and incidental income) and any surplus carried forward from the preceding year(s). Declarant may from time to time change the option under which Declarant is making payments to the Master Association by written notice to such effect to the Master Association. If Declarant at any time elects option (ii), above, it shall not be deemed to have necessarily elected option (i) or (iii) as to the Lots or Units which are not designated under option (ii). When all Lots and Units within the Property are sold and conveyed to

purchasers, neither Declarant nor its affiliates shall have further liability of any kind to the Master Association for the payment of assessments, deficits or contributions.

7.12 Master Association Funds.

The portion of all regular assessments collected by the Master Association for reserves for future expenses, and the entire amount of all special and capital assessments, shall be held by the Master Association and may be invested in interest bearing accounts or in certificates of deposit or other like instruments or accounts available at banks or savings and loan institutions, the deposits of which are insured by an agency of the United States.

7.13 Working Capital Contribution.

Each purchaser shall be required to make a one time working capital contribution to the Master Association in the amount of Three Hundred and 00/100 Dollars (\$300.00), which may be used for additional capital improvements or services which were not included in the original budget categories and may be used by the Declarant to fund the operating deficit.

**ARTICLE 8.**

**ARCHITECTURAL CONTROL; GENERAL POWERS**

The following provisions of this Article 8 are subject to those of Article 9 hereof. Accordingly, this Article shall be operative only so long as the Master Association is performing (subject to later delegation) architectural control duties and powers in the manner provided in Article 9.

8.1 Members of Committee.

The Architectural Control Committee, sometimes referred to in this Declaration as the "Committee", shall consist of three (3) members. The initial members of the Committee shall consist of persons designated by Declarant. Each of the initial members shall hold office until all Lots, Units and improvements planned for the Property and the Future Development Property have been constructed and conveyed (if appropriate), or sooner at the option of Declarant. Thereafter, each new member of the Committee shall be appointed by the Board of Directors and shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein. Members of the Committee (other than those appointed or designated by the Declarant) may be removed by the Board of Directors at any time without cause. Members of the Committee appointed or designated by the Declarant may only be removed by the Declarant.

8.2 Review of Proposed Construction.

Subject to Section 8.10 below, no building, fence, wall, shed or temporary structure or other structure or improvement (including, but not limited to, landscaping, [including hedges], swimming pools, screen enclosures, hurricane protection, basketball hoops, birdhouses, other pet houses, swales, asphaltting or other improvements or changes of any kind) shall be commenced, altered, painted, erected or maintained in the Property, nor shall any addition, change or alteration (including paint or exterior finishing) visible from the exterior of any Unit be made, nor shall any awning, canopy or shutter be attached to or placed upon outside walls or roofs of buildings or other improvements, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to, and approved in writing by, the Committee. The Committee shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations or additions contemplated thereby, in the locations indicated, will not be detrimental to the appearance of the Property as a whole, and that the appearance of any structure affected thereby will be in harmony with the surrounding structures and landscaping and is otherwise desirable. If the proposed construction, alterations or additions are to common elements of a condominium, said approval shall also be subject to the prior approval of the applicable condominium association. The Committee may condition its approval of proposals and plans and specifications as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may charge an approval fee for such services, which may be modified from time to time. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors. Until receipt by the Committee of all necessary and required plans and specifications, the Committee may postpone review of any plans submitted for approval. The Committee shall have thirty (30) days after delivery of all required materials to approve or reject any such plans, and if not rejected within such 30 day period, said plans shall be deemed approved. All work done by a Member after receiving the approval of the Committee shall be subject to the inspection by, and final approval of, the Committee in accordance with its procedural rules adopted as herein provided. All changes and alterations shall also be subject to all applicable permit requirements and to all applicable governmental laws, statutes, ordinances, rules, regulations, orders and decrees.

8.3 Meetings of the Committee.

The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time, by resolution unanimously

adopted in writing, designate a Committee representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 8.9 hereof. In the absence of such designation, the vote of any two (2) members of the Committee shall constitute an act of the Committee.

8.4 No Waiver of Future Approvals.

The approval of the Committee of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval or consent.

8.5 Compensation of Members.

The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder, or unless engaged by the Master Association in a professional capacity.

8.6 Committee Rules.

The Committee shall adopt reasonable rules of procedure and standards for the submission and review of any matter to be brought before it and the inspection and final approval of any completed work done pursuant to an approval of the Committee. Such rules shall be (i) subject to the prior approval of the Board of Directors, (ii) consistent with the covenants and restrictions set forth in this Declaration and (iii) published or otherwise made available to all Members and their contractors, subcontractors and other appropriate designees. All rules of the Committee shall be adopted and/or amended by a majority vote thereof, provided that no amendment shall be applicable to any matter submitted to the Committee prior to the making of such amendment.

8.7 Non-Liability.

Neither the Master Association, the Board of Directors, the Committee, the Declarant nor any member thereof, nor any duly authorized representative of any of the foregoing, shall be liable to any Sub-Association or to any Owner or any other person or entity for any loss, damage or injury arising out of or in any way connected with the performance or non-performance of the Committee's duties hereunder. The Committee shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition solely on the basis of aesthetic considerations and the benefit or detriment which would result to the immediate vicinity and to the Property, generally. The Committee shall take

into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, or warranty as to, any plan or design from the standpoint of structural safety or conformance with building or other codes. The approval of any proposed improvements or alterations by the Architectural Control Committee shall not constitute a warranty or approval as to, and neither the Master Association nor any member or representative of the Architectural Control Committee or the Board of Directors shall be liable for, the safety, soundness, workmanship, materials or usefulness for any purpose of any such improvement or alteration nor as to its compliance with governmental or industry codes or standards. By submitting a request for the approval of any improvement or alteration, the requesting Owner shall be deemed to have automatically agreed to hold harmless and indemnify the aforesaid members and representatives, and the Master Association generally, from and for any loss, claim or damages connected with the aforesaid aspects of the improvements or alterations.

8.8 Specific Provisions.

The Lots contained within the Property described in Exhibit "A" as Watermill Unit One shall be improved with dwellings containing not less than one thousand and two hundred (1200) square feet of heated and air conditioned space. The Lots contained within the Property described in Exhibit "A" as Timber Pointe shall be improved with dwellings containing not less than one thousand four hundred (1400) square feet of heated and air conditioned space. The minimum set backs for all Property described in Exhibit "A" are as follows:

Front Set Back	20 feet
Rear Set Back	10 feet
Side Set Back	5 feet
Side Street Set Back	10 feet

The minimum required square footage for dwellings and the set back requirements on land and the set back requirements which is subsequently subjected hereto may set forth lesser or greater requirements for heated and air conditioned space within dwellings.

8.9 Variance.

The Committee may authorize variances from compliance with any of the architectural control provisions of this Declaration when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations require, but only in accordance with its duly adopted rules and



regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (i) be effective unless in writing, (ii) be contrary to the restrictions set forth in this Declaration, or (iii) stop the Committee from denying a variance in other circumstances.

8.10 Exemptions.

Declarant and its affiliates shall be exempt from the provisions hereof with respect to alterations and additions desired to be effected by any of them and shall not be obligated to obtain Committee approval for any construction or changes which any of them may elect to make at any time.

8.11 General Powers of the Master Association.

The Master Association (and the Committee, as appropriate) shall have the absolute power to veto any action taken or contemplated to be taken which is or would be governed by this Article 8, and the Master Association shall have the absolute power to require specific action to be taken, by any Sub-Association in connection with applicable Sections of the Property in that regard. Without limiting the generality of the foregoing, the Master Association (and the Committee, as appropriate) may veto any decision of any Sub-Association (or architectural control board or other committee thereof) which is or would be governed by this Article 9, and the Master Association may require specific maintenance or repairs or aesthetic changes to be effected, require that a proposed budget include certain items and that expenditures be made therefor, veto or cancel any contract providing for maintenance, repair or replacement of the Property governed by such Sub-Association and otherwise require or veto any other action as the Master Association deems appropriate from time to time. Any action required by the Master Association in a written notice to be taken by a Sub-Association shall be taken within the time frame set by the Master Association in such written notice. If the Sub-Association fails to comply with the requirements set forth in such written notice, the Master Association shall have the right to effect such action on behalf of the Sub-Association and shall assess the Lots and Units governed by the Sub-Association for their pro-rata share of any expenses incurred by the Master Association in connection therewith, together with an administrative charge to be determined by the Master Association under the circumstances (to cover the Master Association's administrative expenses in connection with the foregoing and to discourage the Sub-Association from failing to comply with the requirements of the Master Association). Such assessments may be collected as special assessments hereunder and shall be subject to all lien rights provided for herein.

ARTICLE 9.

MASTER ASSOCIATION AND SUB-ASSOCIATIONS

9.1 Preamble.

In order to ensure the orderly development, operation and maintenance of the Property, including the Property subject to the administration of the Sub-Associations as integrated parts of the Property, this Article has been promulgated for the purposes of (a) giving the Master Association certain powers to effectuate such goal, (b) providing for intended (but not guaranteed) economies of scale and (c) establishing the framework of the mechanism through which the foregoing may be accomplished. The provisions of this Article are specifically subject, however, to Section 16.9 of this Declaration.

9.2 Cumulative Effect: Conflict.

The covenants, restrictions and provisions of this Declaration shall be cumulative with those of the Sub-Associations and the Master Association may, but shall not be required to, enforce the latter; provided, however, that in the event of conflict between or among such covenants, restrictions and provisions, or any Articles of incorporation, Bylaws, rules and regulations, policies or practices adopted or carried out pursuant thereto, those of the Sub-Associations shall be subject and subordinate to this Declaration. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Master Association and the Sub-Associations as provided for herein. As to any Sub-Association which is a condominium association, no duties of same hereunder shall be performed or assumed by the Master Association if same are required by law to be performed by the Sub-Association or if the performance or assumption of such duties would be contrary to the purpose and intent of Section 16.9 of this Declaration.

9.3 Architectural Control.

All architectural control, Lot and Unit maintenance requirements and use restrictions provided for in or pursuant to this Declaration shall, initially, be exercised and enforced by the Master Association. However, the Master Association may delegate to a Sub-Association(s) all or any part of such rights/duties, on an exclusive or non-exclusive basis, upon written notice recorded in the Public Records of the County.

As long as the Master Association performs architectural control functions, no Sub-Association shall do so unless such functions are specifically delegated to it by the Master Association; provided, however, that a Sub-Association for a condominium

may perform such functions to the extent required by its Declaration of Condominium or by applicable law.

9.4 Collection of Assessments.

The Master Association shall, initially, collect all assessments and other sums due the Master Association and the applicable Sub-Association from the members thereof. The Master Association will remit the assessments so collected to the respective payees pursuant to such procedures as may be adopted by the Master Association. The sums so collected shall be applied first to the assessments of the Master Association and then to those of the Sub-Association.

Notwithstanding the priority of disbursements of collected lump sums as provided above, all capital improvement assessments, special assessments, personal assessments, interest, late charges, recovered costs of collection and other extraordinary impositions shall be remitted to the respective entity imposing same separate and apart from the priorities established above.

The Sub-Associations shall notify the Master Association, by written notice given at least thirty (30) days in advance, of any changes in the amounts of the assessments due it or the frequency at which they are to be collected. The aforesaid notice period shall also apply to capital improvement assessments.

The Master Association shall not be required to record liens or take any other actions with regard to delinquencies in assessments payable to a Sub-Association unless the Sub- Association gives it written notice of its election to have them do so. In the event that the Sub- Association does, however, make such election, then all of the Sub-Association's rights of enforcement provided in this Declaration shall be deemed to have automatically vested in the Master Association, but all costs and expenses of exercising such rights shall nevertheless be paid by the Sub-Association (which shall be entitled to receive payment of any such costs and expenses which are ultimately recovered).

The Master Association may, from time to time by sixty (60) days' prior written notice to the affected Sub-Association(s), change the procedures set forth in this Section 9.4 in whole or in part. Such change may include, without limitation, the assignment by the Sub-Association of all or some of the collection functions.

All fidelity bonds and insurance maintained by the Master Association shall reflect any duties performed by it pursuant hereto and the amounts to be received and disbursed by it and shall name the Sub-Associations as an obligee/insured parties for so long as its assessments are being collected and remitted by the Master Association.

To the extent lawful, the Master Association may delegate, or contract for the performance of any duties performed by it pursuant hereto to/with a management company approved by the Master Association

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

9.5 Delegation of Other Duties.

The Master Association shall have the right to delegate to a Sub-Association, on an exclusive or non-exclusive basis, such additional duties not specifically described in this Section as the Master Association shall deem appropriate, provided that such duties have a reasonable relationship (by virtue of function or location) to the Sub-Association or its respective property. Such delegation shall be made by written notice to the Sub-Association, which shall be effective no earlier than thirty (30) days from the date it is given. Any delegation made pursuant hereto may be modified or revoked by the Master Association at any time.

9.6 Acceptance of Delegated Duties.

Whenever the Master Association delegates any duty to a Sub-Association pursuant to this Section, the Sub-Association shall be deemed to have automatically accepted same and to have agreed to indemnify, defend and hold harmless the Master Association for all liabilities, losses, damages and expenses (including attorneys' fees actually incurred and court costs, through all appellate levels) arising from or connected with the Sub-Association's performance, non-performance or negligent performance thereof. All Sub-Associations shall be responsible to the Master Association for maintaining adequate liability and other insurance covering injuries, deaths, losses or damages arising from or connected with the Sub-Association's performance or nonperformance of its duties hereunder.

9.7 Expense Allocations.

The Master Association may, by written notice given to the affected Sub-Association at least sixty (60) days prior to the end of the Sub-Association's fiscal year, allocate and assess to the Sub-Association a share of the expenses incurred by the Master Association which are reasonably allocable to the Sub-Association and/or the portion of the Property within its jurisdiction (e. g., for utilities which are billed to the Master Association, but serve in certain instances, only a Sub-Association, and street lighting systems). In such event, the expenses so allocated shall thereafter be deemed common expenses of the Sub-Association payable by it (with assessments collected from its members) to the Master Association.

In the event of a failure of a Sub-Association to budget or assess its members for expenses allocated as aforesaid, the Master Association shall be entitled to pursue all available legal and equitable remedies against the Sub-Association or, without waiving its right to the foregoing, specially assess the members of the Sub-Association and their Lots or Units for the sums due (such special assessments, as all others, to be secured by the lien provided for in this Declaration).

9.8 Non-Performance of Sub-Association Duties.

In addition to the specific rights of the Master Association provided in Section 9.7 above, and subject to the limitations set forth in Sections 9.2 and 16.9 of this Declaration, in the event that a Sub-Association fails to perform any duties delegated to, or required of, it under this Declaration or to otherwise be performed by it pursuant to its own declaration, Articles of Incorporation, Bylaws or related documents, which failure continues for a period in excess of thirty (30) days after the Master Association's giving notice thereof, then the Master Association may, but shall not be required to, assume such duties. In such event, the Sub-Association shall not perform such duties unless and until such time as the Master Association directs it to once again do so.

9.9 Conflict.

In the event of conflict between this Article 9, as amended from time to time, and any of the other covenants, restrictions or provisions of this Declaration or the Articles of Incorporation, Bylaws or rules and regulations of the Master Association all as amended from time to time, the provisions of this Article shall supersede and control.

**ARTICLE 10.**

**RULES; ENFORCEMENT**

10.1 Compliance by Owners.

Every Owner and Member's Permittee shall comply with the restrictions and covenants set forth herein and any and all rules and regulations which from time to time may be adopted by the Board of Directors of the Master Association.

10.2 Enforcement.

Failure of an Owner or his Member's Permittee to comply with such restrictions, covenants or rules and regulations shall be grounds for immediate action which may include, without limitation, an action to recover sums due for damages, injunctive relief, or any combination thereof. The Master Association shall have the right to suspend the rights of use of Common Property (except for legal access) of defaulting

Owners. The offending Owner shall be responsible for all costs of enforcement including attorneys' fees actually incurred and court costs.

10.3 Fines.

In addition to all other remedies, and to the maximum extent lawful, in the sole discretion of the Board of Directors of the Master Association, a fine or fines may be imposed upon an Owner for failure of an Owner or his Member's Permittees to comply with any covenant, restriction, rule or regulation, provided the following procedures are adhered to:

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

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

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

- (i) First non-compliance or violation: a fine not in excess of One Hundred Dollars (\$100.00).
- (ii) Second non-compliance or violation: a fine not in excess of Five Hundred Dollars (\$500.00).
- (iii) Third and subsequent non-compliance, or a violation or violations which are of a continuing nature after notice thereof (even if in the first instance): a fine not in excess of One Thousand Dollars (\$1,000.00).
- (iv) Provided however, to the extent that state law is modified to permit fines of greater amount, this Declaration shall be automatically amended to include such increase (without incorporating the statute).

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

(e) Collection of Fines: Fines shall be treated as an assessment subject to the provisions for the collection of assessments, and the lien securing same, as set forth herein.

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

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

#### 10.4 Initial Rules and Regulations.

Attached to this Declaration as Exhibit "E" are the initial rules and regulations of the Master Association which are incorporated into this Declaration by this reference and which may be modified, in whole or in part, at any time by the Board without the necessity of recording such new or modified rules and regulations in the public records, provided that the Board shall notify each Sub-Association and the owners of the Lots or Units which are not within a Sub-Association of all modifications of rules and regulations as aforesaid. Receipt by a Sub-Association of such notice shall constitute notice to its members.

### ARTICLE 11.

#### DAMAGE OR DESTRUCTION TO COMMON PROPERTY

##### 11.1 Damage or Destruction.

Damage to or destruction of all or any portion of the Common Property shall be addressed in the following manner, notwithstanding any provision in this Declaration to the contrary:

(a) In the event of damage to or destruction of the Common Property, if the insurance proceeds are sufficient to effect total restoration, then the Master Association shall cause such portions of the Common Property to be repaired and reconstructed substantially as it previously existed.

(b) If the insurance proceeds are within One Hundred Thousand Dollars (\$100,000.00) or less of being sufficient to effect total restoration of the Common Property, then the Master Association shall cause such portions of the Common Property to be repaired and reconstructed substantially as it previously existed and the difference between the insurance proceeds and the

actual cost shall be levied as a capital special (and not capital improvement) assessment against each of the Owners in equal shares in accordance with the provisions of Article 7 of this Declaration.

(c) If the insurance proceeds are insufficient by more than One Hundred Thousand Dollars (\$100,000.00) to effect total restoration of the Common Property, then by written consent or vote of a majority of each class of the Members, they shall determine, subject to Article 13 hereof, whether (1) to rebuild and restore the Common Property in substantially the same manner as they existed prior to damage and to raise the necessary funds over the insurance proceeds by levying capital improvement assessments against all Members, (2) to rebuild and restore in a way which is less expensive than replacing the Common Property in substantially the same manner as they existed prior to being damaged, or (3) subject to the approval of the Board, to not rebuild and to retain the available insurance proceeds.

(d) Each Member shall be liable to the Master Association for any damage to the Common Property not fully covered by collected insurance which may be sustained by reason of the negligence or willful misconduct of any Member or his Member's Permittees. Notwithstanding the foregoing, the Master Association reserves the right to charge such Member an assessment equal to the increase, if any, in the insurance premium directly attributable to the damage caused by such Member. In the case of joint ownership of a Unit or Lot, the liability of such Member shall be joint and several. The cost of correcting such damage shall be an assessment against the Member and may be collected as provided herein for the collection of assessments.

## ARTICLE 12.

### INSURANCE

#### 12.1 Common Property.

The Master Association shall keep all improvements, facilities and fixtures located within the Common Property insured against loss or damage by fire or other casualty for the full insurable replacement value thereof (with reasonable deductibles and normal exclusions for land, foundations, excavation costs and similar matters), and may obtain insurance against such other hazards and casualties as the Master Association may deem desirable. The Master Association may also insure any other property, whether real or personal, owned by the Master Association, against loss or damage by fire and such other hazards as the Master Association may deem desirable, with the Master Association as the owner and beneficiary of such insurance for and on behalf of itself and all Members. The insurance coverage with respect to the Common Property shall be written in the name of, and the proceeds thereof shall be payable to, the Master Association.



Insurance proceeds shall be used by the Master Association for the repair or replacement of the Property for which the insurance was carried. Premiums for all insurance carried by the Master Association are common expenses included in the Annual Assessments made by the Master Association.

To the extent obtainable at reasonable rates, the insurance policy(ies) maintained by the Master Association shall contain provisions, or be accompanied by endorsements, for agreed amount and inflation guard, demolition costs, contingent liability from operation of building laws and increased costs of construction.

All insurance policies shall contain standard mortgagee clauses, if applicable.

The Master Association shall also maintain flood insurance on the insurable improvements on the Common Property in an amount equal to the lesser of 100% of the replacement costs of all insurable improvements (if any) within the Common Property or the maximum amount of coverage available under the National Flood Insurance Program, in either case if the insured improvements are located within an "A" flood zone.

#### 12.2 Replacement or Repair of Common Property.

In the event of damage to or destruction of any portion of the Common Property, the Master Association shall repair or replace the same from the insurance proceeds available, subject to the provisions of Article 12 of this Declaration.

#### 12.3 Waiver of Subrogation.

As to each policy of insurance maintained by the Master Association which will not be voided or impaired thereby, the Master Association hereby waives and releases all claims against the Board, the Members, Declarant and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

#### 12.4 Liability and Other Insurance.

The Master Association shall have the power to and shall obtain comprehensive public liability insurance, including medical payments and malicious mischief, with coverage of at least \$1,000,000.00 (if available at reasonable rates and upon reasonable terms) for any single occurrence, insuring against liability for bodily injury, death and property damage arising from the activities of the Master Association or with respect to property under its jurisdiction, including, if obtainable, a cross liability endorsement insuring each Member against liability to each other Member and to the Master Association and vice versa and coverage for legal liability resulting from lawsuits related to employment contracts shall also be maintained. The Master Association may also obtain Worker's Compensation

insurance and other liability insurance as it may deem desirable, insuring each Member and the Master Association and its Board of Directors and officers, from liability in connection with the Common Property, the premiums for which shall be Common Expenses and included in the assessments made against the Members. The Master Association may also obtain such other insurance as the Board deems appropriate. All insurance policies shall be reviewed at least annually by the Board of Directors and the limits increased in its discretion. The Board may also obtain such errors and omissions insurance, indemnity bonds, fidelity bonds and other insurance as it deems advisable, insuring the Board or any management company engaged by the Master Association against any liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board or any committee thereof. At a minimum, however, there shall be blanket fidelity bonding of anyone (compensated or not) who handles or is responsible for funds held or administered by the Master Association, with the Master Association to be an obligee thereunder. Such bonding shall cover the maximum funds to be in the hands of the Master Association or management company during the time the bond is in force.

12.5 "Blanket" Insurance.

The requirements of this Article may be met by way of the Master Association being an insured party under any coverage carried by the Declarant or under coverage obtained by the Master Association as long as such coverage is in accordance with the amounts and other standards dated in this Article.

**ARTICLE 13.**

**MORTGAGEE PROTECTION**

13.1 Mortgagee Protection.

The following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of the Declaration, these added provisions shall control):

- (a) The Master Association shall be required to make available to all Owners and Mortgagees, and to insurers and guarantors of any first Mortgage, for inspection, upon request, during normal business hours or under other reasonable circumstances, current copies of this Declaration (with all amendments) and the Articles, Bylaws and rules and regulations and the books and records of the Master Association. Furthermore, such persons shall be entitled, upon written request, to (i) receive a copy of the Master Association's financial statement for the immediately preceding fiscal year, (ii) receive notices of and attend the Master Association meetings, (iii) receive notice from the Master Association of an alleged default by an Owner

in the performance of such Owner's obligations under this Declaration, the Articles of Incorporation or the Bylaws of the Master Association, which default is not cured within thirty (30) days after the Master Association learns of such default, and (iv) receive notice of any substantial damage or loss to the Common Property.

(b) Any holder, insurer or guarantor of a Mortgage on a Unit or Lot shall have, if first requested in writing, the right to timely written notice of (i) any condemnation or casualty loss affecting a material portion of the Common Property, (ii) a sixty (60) day delinquency in the payment of the Assessments on a mortgaged Lot or Unit, (iii) the occurrence of a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Master Association, and (iv) any proposed action which requires the consent of a specified number of Mortgage holders.

(c) Any holder, insurer or guarantor of a Mortgage on a Lot or Unit shall have the right to pay, singly or jointly, taxes or other charges that are delinquent and have resulted or may result in a lien against any portion of the Common Property and receive immediate reimbursement from the Master Association.

(d) Any holder, insurer or guarantor of a Mortgage on a Lot or Unit shall have the right to pay, singly or jointly, any overdue premiums on any hazard insurance policy covering the Common Property or obtain, singly or jointly, new hazard insurance coverage on the Common Property upon the lapse of a policy and, in either case, receive immediate reimbursement from the Master Association.

## ARTICLE 14.

### ENCROACHMENTS; EASEMENTS

#### 14.1 Encroachment.

If (a) any portion of the Common Property (or improvements constructed thereon) encroaches upon any other portion of a Lot or upon any Unit; (b) any portion of a Lot (or improvements constructed thereon) encroaches upon the Common Property; or (c) any encroachment shall hereafter occur as the result of (i) construction of any improvement; (ii) settling or shifting of any improvement; (iii) any alternation or repair to the Common Property (or improvements thereon) after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of all or any portion of any improvement or portion of the Common Property, then, in any such event, a valid easement is granted and shall exist for such encroachment and for the maintenance of the same so long as the structure causing said encroachment shall stand.

14.2 Pipes, Wires, Ducts, Cables, Conduits, Public Utility Lines, Etc.

Each portion of the Lot, the Units and the Common Property shall have an easement in common with all other portions thereof to use, maintain, repair, alter and replace all pipes, wires, ducts, vents, cables, conduits, utility lines, and similar or related facilities located in the Lots, Units and Common Property and serving such portion thereof. Each portion of the Lots, Units and Common Property shall be subject to an easement in favor of all other portions thereof to use, maintain, repair, alter and replace the pipes, wires, ducts, vents, cables, conduits, utility lines and other similar or related facilities located in such portion of the Lots and Units and Common Property and serving other portions thereof.

14.3 Easements of Support.

Whenever any structure included in the Common Property adjoins any structure included in any other portion of the Property, each said structure shall have and be subject to an easement of support and necessity in favor of the other structure.

14.4 Construction and Sales.

The Declarant (and its agents, employees, contractors, subcontractors and suppliers) shall have an easement of ingress and egress over and across the Common Property for construction purposes and to erect, maintain, repair and replace, from time to time, one or more signs on the Common Property for the purposes of advertising the sale or lease of Units.

14.5 Easements.

All easements show on the Plat and not dedicated therein are and shall remain private easements and the sole and exclusive property of the Declarant, its successors and assigns. In addition, Declarant reserves an easement 10 foot (10') in width along the front and back of each Lot, and five foot (5') in width along the side of each Lot for drainage and utilities and for access. The Declarant has the unrestricted right and power of alienating and releasing such easements. The Owners of the Lots and Units subject to easements shown on the Plat shall acquire no right, title or interest in and to any wires, cables, conduits, pipes, mains, lines or other equipment placed on, over or under the property which is subject to said easements. The Owner of any Lot or Unit subject to any easement or easements shall not construct any improvements or structures upon said easements. In the event any Owner constructs any improvements or structures on the easement shown on the Plat, the Owner of the Lot subject to said easement shall remove said improvements or structures upon written request of Declarant, its successors, trustees, or assigns.

ARTICLE 15.

SPECIAL COVENANTS

15.1 Preamble.

In recognition of the fact that certain special types of platting and/or construction require special types of covenants to accurately reflect the maintenance and use of the affected Lots and Units, the following provisions of this Article 15 shall apply in those cases where the below-described types of improvements are constructed within the Property, subject, however, to variance pursuant to Section 2.2 of this Declaration. However, nothing herein shall necessarily suggest that Declarant will or will not, in fact, construct such types of improvements nor shall anything herein contained be deemed an obligation to do so.

15.2 Condominiums and Cooperatives.

In the event that any portion of the Property is submitted to the condominium or cooperative form of ownership, then the following special provisions shall apply:

(a) The board of directors of the condominium or cooperative association shall constitute the Sub-Association for such condominium or cooperative.

(b) For the purposes of complying with and enforcing the standards of maintenance contained herein, the condominium/cooperative building and any appurtenant facilities shall be treated as a Unit and any other portion of the condominium/cooperative shall be treated as an unimproved portion of the Lot, with the condominium/cooperative association to have the maintenance duties of an Owner as set forth herein. The condominium/cooperative association shall also be jointly and severally liable with its members for any violation of the use restrictions set forth in this Declaration or of rules and regulations of the Master Association.

(c) As distinguished from maintenance duties, assessments hereunder shall be levied against, and shall be secured by lien upon, each individual condominium or cooperative unit and shall be the direct obligation of the Owner thereof.

With respect to the Architectural Control Committee: (i) no condominium or cooperative association shall make any improvements or alterations on or to the Property under its jurisdiction without first having secured the approval of the Architectural Control Committee as provided herein and (ii) in the event that an individual Owner of a condominium or cooperative Unit(s) desires to make

alterations to the exterior thereof, a request for the approval thereof shall be submitted to the Architectural Control Committee as required by this Declaration, but such request shall be accompanied by evidence that the condominium or cooperative association having jurisdiction thereover has already approved same, absent which approval the Architectural Control Committee shall not consider the submission and same shall be considered timely disapproved.

**ARTICLE 16.**

**GENERAL PROVISIONS**

16.1 Duration.

The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Master Association, the Architectural Control Committee, Declarant (at all times) and the Owner of any land subject to this Declaration, and their respective legal representatives, heirs, successors and assigns, for a term of ninety-nine (99) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years each unless an instrument signed by the then Owners of 75% of all the Lots and Units subject hereto and of 100% of the Mortgagees thereof has been recorded, agreeing to revoke said covenants and restrictions; provided, however, that no such agreement to revoke shall be effective unless made and recorded three (3) years in advance of the effective date of such revocation, and unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any signatures being obtained.

16.2 Notice.

Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when personally delivered or mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Master Association at the time of such mailing.

16.3 Enforcement.

Without limiting the generality of Article 10, enforcement of these covenants and restrictions shall be accomplished by any proceeding at law or in equity brought by the Master Association, Declarant or any Owner against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the Lots and Units to enforce any lien created by these covenants; and failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

16.4 Interpretation.

The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions and interpretation or construction. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular, and the masculine, feminine and neuter genders shall each include the others.

16.5 Severability.

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

16.6 Effective Date.

This Declaration shall become effective upon its recordation in the Public Records of the County.

16.7 Amendment.

In addition, but subject, to any other manner herein provided for the amendment of this Declaration, prior to Turnover (as defined in the Articles), the covenants, restrictions, easements, charges and liens of this Declaration may be amended, changed or added to at any time and from time to time upon the execution and recordation of an instrument executed by Declarant, for so long as it or its affiliate holds title to any Lot or Unit affected by this Declaration; or after Turnover by an instrument signed by the President of the Master Association, attested to by its Secretary and certifying that the amendment set forth in the instrument was adopted by a vote of at least 66-2/3% of the Members represented at a duly called meeting thereof, provided that so long as Declarant or its affiliates is the Owner of any Lot or Unit affected by this Declaration, Declarant's consent must be obtained if such amendment, in the sole opinion of Declarant, affects its interest,

16.8 Conflict.

This Declaration shall take precedence over conflicting provisions in Exhibit "E" hereto and in the Articles of Incorporation and Bylaws of the Master Association and said Articles shall take precedence over the Bylaws and the provisions set forth on Exhibit "E" and the Bylaws shall take precedence over the provisions set forth on Exhibit "E".

16.9 Limitation on Master Association.

Anything in this Declaration to the contrary notwithstanding, the existence or exercise of any easement, right, power, authority, privilege or duty of the Master Association as same pertains to any condominium located within the Property which would cause the Master Association to be subject to Chapter 718, Florida Statutes, or any related administrative rules or regulations, shall be null, void and of no effect to the extent, but only to the extent, that such existence or exercise is finally determined by a court or administrative hearing officer of competent jurisdiction (after all appellate rights have been exercised or waived) to subject the Master Association to said Chapter 718. It is the intent of this provision that the Master Association not be deemed to be a condominium association, nor the Common Property be deemed to be common elements of any such condominium.

16.10 Standards for Consent.

Whenever this Declaration shall require the consent, approval, completion, substantial completion, or other action by the Declarant or its affiliates, the Master Association or the Architectural Control Committee, such consent, approval or action may be withheld in the sole and unfettered discretion of the party requested to give such consent or approval or take such action, and all matters required to be completed or substantially completed by the Declarant or its affiliates or the Master Association shall be deemed so completed or substantially completed when such matters have been completed or substantially completed in the reasonable opinion of the Declarant or Master Association, as appropriate.

16.11 Easements.

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



16.12 No Public Right or Dedication.

Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Common Property to the public, or for any public use.

16.13 Constructive Notice and Acceptance.

Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot and/or Unit or other property located on or within the Property, shall be conclusively deemed to have consented and agreed to every limitation, restriction, easement, reservation, condition, lien and covenant contained herein, whether or not any reference hereto is contained in the instrument by which such person acquired an interest in such Lot, Unit or other property.

16.14 Notices and Disclaimers as to Community Systems.

Declarant, the Master Association, or their successors, assigns or franchisees and any applicable cable telecommunications system operator (an "Operator"), may enter into contracts for the provision of security services through any Community Systems. DECLARANT, THE MASTER ASSOCIATION, OPERATORS AND THEIR FRANCHISEES, DO NOT GUARANTEE OR WARRANT, EXPRESSLY OR IMPLIEDLY. THE MERCHANTABILITY OR FITNESS FOR USE OF ANY SUCH SECURITY SYSTEM OR SERVICES, OR THAT ANY SYSTEM OR SERVICES WILL PREVENT INTRUSIONS, FIRES OR OTHER OCCURRENCES, OR THE CONSEQUENCES OF SUCH OCCURRENCES, REGARDLESS OF WHETHER OR NOT THE SYSTEM OR SERVICES ARE DESIGNED TO MONITOR SAME; AND EVERY OWNER OR OCCUPANT OF PROPERTY SERVICED BY THE COMMUNITY SYSTEMS ACKNOWLEDGES THAT DECLARANT, THE MASTER ASSOCIATION OR ANY SUCCESSOR, ASSIGN OR FRANCHISEE OF THE DECLARANT OR ANY OF THE OTHER AFORESAID ENTITIES AND ANY OPERATOR, ARE NOT INSURERS OF THE OWNER OR OCCUPANT'S PROPERTY OR OF THE PROPERTY OF OTHERS LOCATED ON THE PREMISES AND WILL NOT BE RESPONSIBLE OR LIABLE FOR LOSSES, INJURIES OR DEATHS RESULTING FROM SUCH OCCURRENCES. It is extremely difficult and impractical to determine the actual damages, if any, which may proximately result from a failure on the part of a security service provider to perform any of its obligations with respect to security services and, therefore, every owner or occupant of property receiving security services agrees that Declarant, the Master Association or any successor, assign or franchisee thereof and any Operator assumes no liability for loss or damage to property or for personal injury or death to persons due to any reason, including, without limitation, failure in transmission of an alarm, interruption of security service or failure to respond to an alarm because of (a) any failure of the Owner's security system, (b) any defective or damaged

equipment, device, line or circuit, (c) negligence, active or otherwise, of the security service provider or its officers, agents or employees, or (d) fire, flood, riot, war, act of God or other similar causes which are beyond the control of the security service provider. Every owner or occupant of property obtaining security services through the Community Systems further agrees for himself, his grantees, tenants, guests, invitees, licensees, and family members that if any loss or damage should result from a failure of performance or operation, or from defective performance or operation, or from improper installation, monitoring or servicing of the system, or from negligence, active or otherwise, of the security service provider or its officers, agents, or employees, the liability, if any, of Declarant, the Master Association, any franchisee of the foregoing and the Operator or their successors or assigns, for loss, damage, injury or death sustained shall be limited to a sum not exceeding Two Hundred Fifty and No/100 (\$250.00) U. S. Dollars, which limitation shall apply irrespective of the cause or origin of the loss or damage and notwithstanding that the loss or damage results directly or indirectly from negligent performance, active or otherwise, or non-performance by an officer, agent or employee of Declarant, the Master Association or any franchisee, successor or designee of any of same or any Operator. Further, in no event will Declarant, the Master Association, any Operator or any of their franchisees, successors or assigns, be liable for consequential damages, wrongful death, personal injury or commercial loss. In recognition of the fact that interruptions in cable television and other Community Systems services will occur from time to time, no person or entity described above shall in any manner be liable, and no user of any Community System shall be entitled to any refund, rebate, discount or offset in applicable fees, for any interruption in Community Systems services, regardless of whether or not same is caused by reasons within the control of the then-provider(s) of such services.

16.15 Certain Reserved Rights of Declarant with Respect to Community Systems.

Without limiting the generality of any other applicable provisions of this Declaration, and without such provisions limiting the generality hereof, Declarant hereby reserves and retains to itself:

- (a) the title to any Community Systems and a perpetual easement for the placement and location thereof;
- (b) the right to connect, from time to time, the Community Systems to such receiving or intermediary transmission source(s) as Declarant may in its sole discretion deem appropriate including, without limitation, companies licensed to provide CATV service in the County, for which service Declarant shall have the right to charge any users a reasonable fee (which shall not exceed any maximum allowable charge provided for in the Ordinances of the County); and

(c) the right to offer from time to time monitoring/alarm services through the Community Systems.

Neither the Master Association nor any officer, director, employee, committee member or agent (including any management company) thereof shall be liable for any damage to property, personal injury or death arising from or connected with any act or omission of any of the foregoing during the course of performing any duty or exercising any right privilege (including, without limitation, performing maintenance work which is the duty of the Master Association or exercising any remedial maintenance or alteration rights under this Declaration) required or authorized to be done by the Master Association, or any of the other aforesaid parties, under this Declaration or otherwise as required or permitted by law.

16.16 No Representations or Warranties.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, HAVE BEEN GIVEN OR MADE BY DECLARANT OR ITS AGENTS OR EMPLOYEES IN CONNECTION WITH ANY PORTION OF THE COMMON PROPERTY, THEIR PHYSICAL CONDITION, ZONING, COMPLIANCE WITH APPLICABLE LAWS, MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR IN CONNECTION WITH THE SUBDIVISION, SALE, OPERATION, MAINTENANCE, COST OF MAINTENANCE, TAXES OR REGULATION THEREOF, EXCEPT (A) AS SPECIFICALLY AND EXPRESSLY SET FORTH IN THIS DECLARATION OR IN DOCUMENTS WHICH MAY BE FILED BY DECLARANT FROM TIME TO TIME WITH APPLICABLE REGULATORY AGENCIES, AND (B) AS OTHERWISE REQUIRED BY LAW. AS TO SUCH WARRANTIES WHICH CANNOT BE DISCLAIMED, AND TO OTHER CLAIMS, IF ANY, WHICH CAN BE MADE AS TO THE AFORESAID MATTERS, ALL INCIDENTAL AND CONSEQUENTIAL DAMAGES ARISING THEREFROM ARE HEREBY DISCLAIMED. ALL OWNERS, BY VIRTUE OF ACCEPTANCE OF TITLE TO THEIR RESPECTIVE LOTS AND/OR UNITS (WHETHER FROM THE DECLARANT OR ANOTHER PARTY) SHALL BE DEEMED TO HAVE AUTOMATICALLY WAIVED ALL OF THE AFORESAID DISCLAIMED WARRANTIES AND INCIDENTAL AND CONSEQUENTIAL DAMAGES.

16.17 Covenants Running With The Land.

Anything to the contrary herein notwithstanding and without limiting the generality (and subject to the limitations) of Section 16.1 hereof, it is the intention of all parties affected hereby (and their respective heirs, personal representatives, successors and assigns) that these covenants and restrictions shall run with the Property and with title to the Property. Without limiting the generality of Section 16.5 hereof, if any provision or application of this Declaration would prevent this Declaration from running with the Property as aforesaid, such provision and/or application shall be judicially modified, if at all possible, to come as close as possible

to the intent of such provision or application and then be enforced in a manner which will allow these covenants and restrictions to so run with the Property; but if such provision and/or application cannot be so modified, such provision and/or application shall be unenforceable and considered null and void in order that the paramount goal of the parties (that these covenants and restrictions run with the Property as aforesaid) be achieved.

16.18 Approval by Mortgagees.

In the event that any of the Lots or Units are subject to a Mortgage which is guaranteed by the FHA or VA, then, for so long as there is a Class B Membership in the Master Association, the Declarant shall obtain approval of the FHA or VA: annexation of additional properties (other than the Future Development Property), dedication of Common Property, and amendment of this Declaration

16.19 Tax Deeds and Foreclosure.

All provisions of the Declaration relating to a Lot which has been sold for taxes or special assessments survive and are enforceable after the issuance of a tax deed or upon a foreclosure of an Assessment, a certificate or lien, a tax deed, tax certificate or tax lien, to the same extent that they would be enforceable against a voluntary grantee of title before such transfer.

**ARTICLE 17.**

**DISCLAIMER OF LIABILITY OF MASTER ASSOCIATION**

NOTWITHSTANDING ANYTHING CONTAINED HEREIN OR IN THE ARTICLES OF INCORPORATION, BYLAWS, ANY RULES OR REGULATIONS OF THE MASTER ASSOCIATION OR ANY OTHER DOCUMENT GOVERNING OR BINDING THE MASTER ASSOCIATION (COLLECTIVELY, THE "MASTER ASSOCIATION DOCUMENTS"), THE MASTER ASSOCIATION SHALL NOT BE LIABLE OR RESPONSIBLE FOR, OR IN ANY MANNER A GUARANTOR OR INSURER OF, THE HEALTH, SAFETY OR WELFARE OF ANY OWNER, OCCUPANT OR USER OF ANY PORTION OF THE PROPERTY INCLUDING, WITHOUT LIMITATION, RESIDENTS AND THEIR FAMILIES, GUESTS, INVITEES, AGENTS, SERVANTS, CONTRACTORS OR SUBCONTRACTORS OR FOR ANY PROPERTY OF ANY SUCH PERSONS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING:

(a) IT IS THE EXPRESS INTENT OF THE MASTER ASSOCIATION DOCUMENTS THAT THE VARIOUS PROVISIONS THEREOF WHICH ARE ENFORCEABLE BY THE MASTER ASSOCIATION AND WHICH GOVERN OR REGULATE THE USES OF THE PROPERTY HAVE BEEN WRITTEN, AND ARE TO BE

INTERPRETED AND ENFORCED, FOR THE SOLE PURPOSE OF ENHANCING AND MAINTAINING THE ENJOYMENT OF THE PROPERTY AND THE VALUE THEREOF;

(b) THE MASTER ASSOCIATION IS NOT EMPOWERED, AND HAS NOT BEEN CREATED, TO ACT AS AN ENTITY WHICH ENFORCES OR ENSURES THE COMPLIANCE WITH THE LAWS OF THE UNITED STATES, STATE OF FLORIDA, THE COUNTY, THE CITY AND/OR ANY OTHER JURISDICTION OR THE PREVENTION OF TORTIOUS ACTIVITIES AND

(c) ANY PROVISIONS OF THE MASTER ASSOCIATION DOCUMENTS SETTING FORTH THE USES OF ASSESSMENTS WHICH RELATE TO HEALTH, SAFETY AND/OR WELFARE SHALL BE INTERPRETED AND APPLIED ONLY AS LIMITATIONS ON THE USES OF ASSESSMENT FUNDS AND NOT AS CREATING A DUTY OF THE MASTER ASSOCIATION TO PROTECT OR FURTHER THE HEALTH, SAFETY OR WELFARE OF ANY PERSON(S), EVEN IF ASSESSMENT FUNDS ARE CHOSEN TO BE USED FOR ANY SUCH REASON.

EACH OWNER (BY VIRTUE OF HIS ACCEPTANCE OF TITLE TO HIS LOT OR UNIT) AND EACH OTHER PERSON HAVING AN INTEREST IN OR LIEN UPON, OR MAKING ANY USE OF, ANY PORTION OF THE PROPERTY (BY VIRTUE OF ACCEPTING SUCH INTEREST OR LIEN OR MAKING SUCH USES) SHALL BE BOUND BY THIS ARTICLE AND SHALL BE DEEMED TO HAVE AUTOMATICALLY WAIVED ANY AND ALL RIGHTS, CLAIMS, DEMANDS AND CAUSES OF ACTION AGAINST THE MASTER ASSOCIATION ARISING FROM OR CONNECTED WITH ANY MATTER FOR WHICH THE LIABILITY OF THE MASTER ASSOCIATION HAS BEEN DISCLAIMED IN THIS ARTICLE.

AS USED IN THIS ARTICLE, "MASTER ASSOCIATION" SHALL INCLUDE WITHIN ITS MEANING ALL OF THE MASTER ASSOCIATION'S DIRECTORS, OFFICERS, COMMITTEE AND BOARD MEMBERS, EMPLOYEES, AGENTS, CONTRACTORS (INCLUDING MANAGEMENT COMPANIES), SUBCONTRACTORS, SUCCESSORS AND ASSIGNS. THE PROVISIONS OF THIS ARTICLE SHALL ALSO INURE TO THE BENEFIT OF DECLARANT, WHICH SHALL BE FULLY PROTECTED HEREBY.

ARTICLE 18.

STORMWATER MANAGEMENT SYSTEM

18.1 Blanket Easement.

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

18.2 Maintenance Easement.

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

ingress and egress over and across the Stormwater Management System for the purpose of providing maintenance and erosion control to the embankments of such retention areas.

### 18.3 Maintenance.

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

The Master Association shall maintain and control the water level and quality of the Stormwater Management System; the bottoms of any retention lakes or drainage easements which retain or hold stormwater on a regular basis. The Master Association shall have the power, as may be required by any applicable governmental entity, to control and eradicate plants, fowl, reptiles, animals, fish, and fungi in and on any portion of the retention lakes or drainage easements. The Owners of Lots adjacent to or containing any portion of the Stormwater System, shall maintain all shoreline vegetation and the grade and contour of all embankments to the water's edge (as it may rise and fall from time to time) irrespective of ownership of such land, keep the grass, plantings, and other lateral support of the embankments in a clean and safe manner and to prevent erosion and shall remove trash and debris as it may accumulate in the System, from time to time. Maintenance of the Stormwater Management System shall mean the exercise of practices which allow the Stormwater Management System to provide drainage, water storage, conveyance or other surface water capabilities as permitted by the District. Any repair or reconstruction of the Stormwater Management System shall be consistent with the Permit as originally issued or any modification that may be approved by the District. In order to provide adequate assurance that the Stormwater Management System will adequately function, the following maintenance procedures shall be followed:

- (a). The Master Association shall inspect or cause to be inspected all inlets and control structures for vandalism, deterioration or accumulation of sand and debris.
- (b). The Master Association shall assure that all debris or sand shall be removed from the inlets and control structures and any orifice system.

- (c). The Master Association shall inspect and repair or cause to be inspected and repaired all skimmer boards around control structures as necessary.

18.4 Improvements.

No docks, bulkheads, or other structures, permanent or temporary, shall be constructed on, over, or under any portion of the Stormwater Management System without the prior written consent of the Master Association and the approval of the Committee or Declarant, which consent or approval may be withheld for any reason. Any improvements to the Stormwater Management System permitted by the Master Association and installed by the Owner shall be maintained by such Owner in accordance with the maintenance provisions of this Declaration. All improvements to the Stormwater Management System may also require the prior written approval of the District. After receiving the approval of the Committee, Owner shall be solely liable for obtaining all governmental permits necessary or convenient to construct such Improvements.

18.5 Use and Access.

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

18.6 Liability.

NEITHER DEVELOPER NOR THE ASSOCIATION SHALL HAVE ANY LIABILITY WHATSOEVER TO OWNERS, GUESTS, TENANTS, OR INVITEES IN CONNECTION WITH THE RETENTION LAKES AND DRAINAGE EASEMENTS OR ANY PART OF THE STORMWATER MANAGEMENT SYSTEM. EACH OWNER, FOR ITSELF AND ITS GUESTS, TENANTS, OR INVITEES, RELEASES DEVELOPER AND THE ASSOCIATION FROM ANY LIABILITY IN CONNECTION THEREWITH.

NEITHER DEVELOPER, THE ASSOCIATION, NOR ANY OF THEIR SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES, MANAGEMENT AGENTS, CONTRACTORS OR



SUBCONTRACTORS (COLLECTIVELY, THE "LISTED PARTIES") SHALL BE LIABLE OR RESPONSIBLE FOR MAINTAINING OR ASSURING THE WATER QUALITY OR LEVEL IN ANY LAKE, POND, RETENTION AREA, CANAL, CREEK, MARSH AREA, STREAM OR OTHER WATER BODY WITHIN OR ADJACENT TO THE PROPERTY, EXCEPT AS SUCH RESPONSIBILITY MAY BE SPECIFICALLY IMPOSED BY AN APPLICABLE GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY OR ENTITY AS REFERENCED HEREIN. FURTHER, ALL OWNERS AND USERS OF ANY PORTION OF THE PROPERTY LOCATED ADJACENT TO OR HAVING A VIEW OF ANY OF THE AFORESAID AREAS SHALL BE DEEMED, BY VIRTUE OF THEIR ACCEPTANCE OF A DEED TO, OR USE OF, SUCH PROPERTY, TO HAVE AGREED TO HOLD HARMLESS THE LISTED PARTIES FROM ALL LIABILITY RELATED TO ANY CHANGES IN THE QUALITY AND LEVEL OF THE WATER IN SUCH BODIES.

18.7 Conservation Areas.

"Conservation Area" or "Conservation Areas" shall mean and refer to all of such areas designated as such on any Plat.

The Conservation Areas are hereby declared to be subject to a Conservation Deed Restriction in favor of the Declarant, its successors and assigns, for the purpose of retaining and maintaining the Conservation Areas in their predominantly natural condition as a wooded water recharge, detention and percolation and environmental conservation area. In furtherance of this, each of the following uses of the Conservation Areas are hereby prohibited and restricted without the prior written consent of the District, to-wit:

- (a). The construction, installation or placement of signs, buildings, fences, walls, road or any other structures and improvements on or above the ground of the Conservation Areas; and
- (b). The dumping or placing of soil or other substances or materials as landfill or the dumping or placing of trash, waste or unsightly or offensive materials; and
- (c). The removal or destruction of trees, shrubs or other vegetation from the Conservation Areas; and
- (d). The excavation, dredging or removal of loam, peat, gravel, rock, soil, or other material substances in such a manner as to affect the surface of the Conservation Areas; and
- (e). Any use which would be detrimental to the retention of the Conservation Areas in their natural condition; and

- (f). Acts or uses detrimental to such retention of land or water areas.

The Conservation Areas hereby created and declared shall be perpetual.

The Declarant, its successors and assigns, and the St. Johns River Water Management District shall have the right to enter upon the Conservation Areas at all reasonable times and in a reasonable manner, to assure compliance with the aforesaid prohibitions and restrictions.

The Declarant, and all subsequent owners of any land upon which there is located any Conservation Area shall be responsible for the periodic removal of trash and other debris which may accumulate on such parcel.

18.8 Upland Buffers and Vegetative Natural Buffers.

There maybe areas designated on Plats as "Upland Buffers" or "Vegetative Natural Buffers". All such areas must be maintained in a natural state. No trees or other vegetation can be removed unless approved by the Committee and, if necessary, the District.

18.9 Rights of the District.

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

18.10 Indemnity.

Declarant may be required to assume certain duties and liabilities for the maintenance of the Stormwater Management System or drainage system within the Property under the Plat, permits, or certain agreements with governmental agencies. The Master Association further agrees that subsequent to the recording of this Declaration, it shall hold Declarant harmless from all suits, actions, damages,

liabilities and expenses in connection with loss of life, bodily or personal injury or property damage arising out of any occurrence in, upon, at or from the maintenance of the Stormwater Management System occasioned in whole or in part by any action, omission of the Master Association or its agents, contractor, employees, servants, or licensees but not excluding any liability occasioned wholly or in part by the acts of the Declarant, its successors or assigns. Upon completion of construction of the Stormwater Management System or drainage system, Declarant shall assign all its rights, obligations and duties thereunder to the Master Association. The Master Association shall assume all such rights, duties and liabilities and shall indemnify and hold Declarant harmless therefrom.

#### 18.11 Permits.

THIS PROPERTY WAS DEVELOPED IN ACCORDANCE WITH REQUIREMENTS OF PERMIT NUMBER 4-031-0165EMZ AND 40-031-62543-1, ISSUED BY THE ARMY CORPS OF ENGINEERS' ("ACOE") AND PERMIT NUMBER 200001644 (NWMMS) ISSUED BY THE DISTRICT. ANY OWNER OWNING A LOT OR UNIT WHICH CONTAINS OR IS ADJACENT TO JURISDICTIONAL WETLANDS AS ESTABLISHED BY THE ACOE OR DISTRICT, SHALL, BY ACCEPTANCE OF TITLE TO THE LOT OR UNIT BE DEEMED TO HAVE ASSUMED ALL OBLIGATIONS UNDER THE FOREGOING PERMITS AS SUCH RELATES TO ITS LOT OR UNIT AND SHALL AGREE TO MAINTAIN SUCH JURISDICTIONAL WETLANDS IN THE CONDITION REQUIRED UNDER THE PERMITS AND TO OTHERWISE COMPLY THEREWITH. IN THE EVENT THAT AN OWNER VIOLATES THE TERMS AND CONDITIONS OF SUCH PERMITS AND FOR ANY REASON THE DEVELOPER IS CITED THEREFOR, THE OWNER AGREES TO INDEMNIFY AND HOLD THE DEVELOPER HARMLESS FROM ALL COSTS ARISING IN CONNECTION THEREWITH, INCLUDING WITHOUT LIMITATION ALL COST AND ATTORNEYS' FEES AS WELL AS ALL COSTS OF CURING SUCH VIOLATION.

#### 18.12 Declarant's Rights.

Declarant, its successors and assigns shall have the unrestricted right, without approval or joinder of any other person or entity: (i) to designate the use of, alienate, release, or otherwise assign the easements shown in the Plat of the Property or described herein, (ii) to Plat or replat all or any part of the Property owned by Declarant, and (iii) to widen or extend any right of way shown on any Plat of the Property or convert a Lot to use as a right of way, provided that Declarant owns the lands affected by such change. Owners of Lots subject to easements shown on any Plat of the Property shall acquire no right, title, or interest in any of the cables, conduits, pipes, mains, lines, or other equipment or facilities placed on, over, or under the easement area. The Owners of Lots subject to any easements shall not construct any improvements on the easement areas, alter the flow or drainage, or landscape such areas with hedges, trees, or other landscape items that might

interfere with the exercise of the easement rights. Any Owner who constructs any improvements or landscaping on such easement areas shall remove the improvements or landscape items upon written request of Declarant, the Master Association, or the grantee of the easement.

EXECUTED as of the date first above written.

Witnessed by:

**WATERMILL, L.L.C., a Florida  
limited liability company**

Susan D. Wood  
Name: Susan D. Wood

By: James Ricky Wood  
Name: James Ricky Wood  
Title: Managing Member

( Corporate Seal )

Sandra Spencer  
Name: Sandra Spencer

STATE OF FLORIDA ) ) ss:

COUNTY OF Clay )

The foregoing instrument was acknowledged before me this 21 day of March, 2001, by James Ricky Wood, as Manager of WATERMILL, L.L.C., a Florida limited liability company, on behalf of said limited liability company. He/~~she~~ is personally known to me ~~or produced~~ as identification.



Sandra Spencer  
Name: Sandra Spencer  
Notary Public, State of Florida  
Commission No. \_\_\_\_\_  
My commission expires: \_\_\_\_\_

CONSENT OF OWNER

The undersigned owner of the lands more fully described in the plat of Argyle Forest Chimney Lakes Unit 19 according to plat there of recorded in Plat Book 53, pages 84, 84A-84G of the public records of Duval County, Florida hereby consents to and subject the lands owned by it to the terms and conditions of this Declaration.

Witnesses:

Elinore C. Cox  
Print Name ELINORE C. COX  
Deborah H. Dunbar  
Print Name DEBORAH H. DUNBAR

TIMBER POINTE, L.L.C.

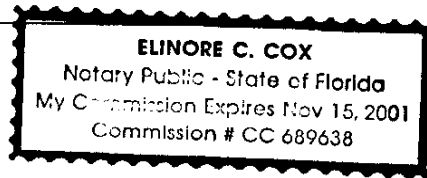
By: [Signature]  
Print Name \_\_\_\_\_  
Its President

STATE OF FLORIDA )  
COUNTY OF Duval )

) ss:

The foregoing instrument was acknowledged before me this 22<sup>ND</sup> day of MARCH, 2001, by Christopher B. Hendry, Sr., as President ~~Manager~~ of TIMBER POINTE, L.L.C., a Florida limited liability company, on behalf of said limited liability company. He/she is personally known to me or produced \_\_\_\_\_ as identification.

Elinore C. Cox  
Name: \_\_\_\_\_  
Notary Public, State of Florida  
Commission No. \_\_\_\_\_  
My commission expires:



## PROPERTY

## Watermill Unit One-A

A portion of Section 33, Township 3 South, Range 25 East, Duval County, Florida, being more particularly described as follows: BEGINNING at the Southwesterly corner of Tract "A", as shown on the plat of Argyle Forest Chimney Lakes Unit 16-A, as recorded in Plat Book 49, Pages 27, 27A, 27B, 27C and 27D, of the Current Public Records of said County, said point being situate in the Northerly right of way line of Argyle Forest Boulevard Extension (a 200 foot right of way as recorded in Official Records Volume 9817, Page 116 and re-recorded in Official Records Volume 9819, Page 147, of said Current Public Records), said Northerly right of way line being a curve concave Southerly and having a radius of 2,100.00 feet; thence Westerly around and along the arc of said curve and along said Northerly right of way line, through a central angle of 16°26'25", a distance of 602.57 feet, said arc being subtended by a chord bearing and distance of South 64°10'24" West, 600.50 feet to the point of tangency of said curve; thence South 55°57'11" West, along the Northwesterly right of way line of said Argyle Forest Boulevard Extension, a distance of 1,297.25 feet; thence North 34°02'49" West, 165.00 feet; thence North 41°32'29" West, 41.49 feet; thence North 54°45'02" West, 31.17 feet; thence North 69°54'35" West, 104.10 feet; thence North 53°46'34" West, 155.00 feet; thence North 36°13'26" East, 10.46 feet; thence North 53°46'34" West, 140.00 feet to a point lying on the Southeasterly line of that certain Conservation Easement described and recorded in Official Records Volume 7882, Pages 1338, 1339, 1340 and 1341 of said Current Public Records; thence the following eight (8) courses and distances along said Southeasterly boundary, Southerly boundary and Easterly boundary of said Conservation Easement; Course No. 1: North 36°13'26" East, 227.75 feet; Course No. 2: North 53°07'41" East, 254.02 feet; Course No. 3: North 59°23'13" East, 145.34 feet; Course No. 4: North 68°14'50" East, 408.50 feet; Course No. 5: North 55°17'13" East, 285.81 feet; Course No. 6: North 60°47'54" East, 113.11 feet; Course No. 7: North 73°11'52" East, 116.73 feet; Course No. 8: North 04°17'45" East, 56.59 feet to a point situate in the Southerly boundary of Argyle Forest Chimney Lakes Unit 16-B, as recorded in Plat Book 49, Pages 26, 26A, 26B, 26C and 26D, of said Current Public Records; thence North 90°00'00" East, along said Southerly boundary, a distance of 258.77 feet; thence South 62°04'13" East, along the Southwesterly boundary of said plat of Argyle Forest Chimney Lakes Unit 16-B and along the Southwesterly line of said Tract "A", Argyle Forest Chimney Lakes Unit 16-A, a distance of 610.72 feet to the POINT OF BEGINNING.

## Timber Pointe

All that portion of land more fully described in the plat of Argyle Forest Chimney Lakes Unit 19 according to plat thereof recorded in Plat Book 53, pages 84, 84A-84G of the public records of Duval County, Florida.

**EXHIBIT "B"**

**ARTICLES OF INCORPORATION OF MASTER ASSOCIATION**

# State of Florida

Book 9927 Page 1844



## Department of State

I certify from the records of this office that WATERMILL MASTER ASSOCIATION, INC. is a corporation organized under the laws of the State of Florida, filed on January 10, 2001.

The document number of this corporation is N0100000219.

I further certify that said corporation has paid all fees due this office through December 31, 2001, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capitol, this the  
Tenth day of January, 2001



CR2EO22 (1-99)

*Katherine Harris*

Katherine Harris  
Secretary of State



# State of Florida

Book 9927 Page 184



## Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of WATERMILL MASTER ASSOCIATION, INC., a Florida corporation, filed on January 10, 2001, as shown by the records of this office.

The document number of this corporation is N01000000219.

Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capitol, this the  
Tenth day of January, 2001



CR2EO22 (1-99)

*Katherine Harris*

Katherine Harris  
Secretary of State

01 JAN 10 PM 12:13  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA  
F11 577

ARTICLES OF INCORPORATION  
FOR  
WATERMILL MASTER ASSOCIATION, INC.

The undersigned incorporator, for the purpose of forming a corporation not for profit pursuant to the laws of the State of Florida, hereby adopts the following Articles of Incorporation:

1  
NAME

The name of the corporation shall be WATERMILL MASTER ASSOCIATION, INC. For convenience, the corporation shall be referred to in this instrument as the "Master Association", these Articles of Incorporation as the "Articles", and the Bylaws of the Master Association as the "Bylaws".

2  
OFFICE

The principal office and mailing address of the Master Association shall be at 4729 U.S. 17, Suite 204, Orange Park, Florida 32003, or at such other place as may be subsequently designated by the Board of Directors. All books and records of the Master Association shall be kept at its principal office or at such other place as may be permitted by the Act.

3  
PURPOSE

The objects and purposes of the Master Association are those objects and purposes as are authorized by the Declaration of Covenants, Conditions, Restrictions and Easements for WaterMill and Notice of Assessments for WaterMill Master Association, Inc., recorded (or to be recorded) in the Public Records of Duval County Florida, as hereafter amended and/or supplemented from time to time (the "Declaration"). The further objects and purposes of the Master Association are to preserve the values and amenities in the Property and to maintain the Common Property thereof for the benefit of the Owners who become Members of the Master Association.

4  
DEFINITIONS

The terms used in these Articles shall have the same definitions and meanings as those set forth in the Declaration, which are incorporated herein, unless herein provided to the contrary, or unless the context otherwise requires.

## POWERS

The powers of the Master Association shall include and be governed by the following:

- 5.1 General. The Master Association shall have all of the common law and statutory powers of a corporation not for profit under the Laws of Florida. (which are in effect at the time of filing of this Declaration) except as expressly limited or restricted by applicable law. the terms of these Articles, the Declaration or the Bylaws.
- 5.2 Enumeration. In addition to the powers set forth in Section 5.1 above, the Master Association shall have all of the powers and duties reasonably necessary to operate the Property pursuant to the Declaration and as more particularly described in the Bylaws, as they may be amended from time to time, including, but not limited to, the following:
- (a) To make and collect Assessments and other charges against members as Owners (whether or not such sums are due and payable to the Master Association), and to use the proceeds thereof in the exercise of its powers and duties including without limitation to the maintenance and operation of the Stormwater Management System, including but not limited to work within the retention areas, drainage structures or drainage easements.
  - (b) To buy, accept, own, operate, lease, sell, trade and mortgage both real and personal property in accordance with the provisions of the Declaration; provided however, the Common Property may not be mortgaged without the consent of the Owners with voting power representing two thirds of the votes.
  - (c) To maintain, repair, replace, reconstruct, add to and operate the Common Property, and other property acquired or leased by the Master Association.
  - (d) To purchase insurance upon the Common Property and insurance for the protection of the Master Association, its officers, directors and Owners,
  - (e) To make and amend reasonable rules and regulations for the maintenance, conservation and use of the Property and for the health, comfort, safety and welfare of the Owners.
  - (f) To enforce by legal means the provisions of the Declaration, these Articles, the Bylaws, the rules and regulations for the use of the Common Property and applicable law.
  - (g) To contract for the management and maintenance of the Common Property and to authorize a management agent to assist the Master Association in carrying out its powers and duties by performing such functions as the submission of proposals, collection of Assessments, preparation of records, enforcement of rules and maintenance, repair and replacement of the Common Property with such funds as shall be made available by the Master Association for such purposes. The Master Association and its officers shall, however, retain at all times the powers and

duties to make assessments, promulgate rules and execute contracts on behalf of the Master Association.

- (h) To employ personnel to perform the services required for the proper operation and maintenance of the Common Property.
- (i) To execute all documents or consents, on behalf of all Owners (and their mortgagees), required by all governmental and/or quasi-governmental agencies in connection with land use and development matters (including, without limitation, plats, waivers of plat, unities of title, covenants in lieu thereof, etc.), and in that regard, each Owner, by acceptance of the deed to such Owner's Unit or Lot and each Mortgagee of an Owner by acceptance of a lien on said Unit or Lot, appoints and designates the President of the Master Association as such Owner's agent and attorney-in-fact to execute any and all such documents or consents.
- (j) To operate, maintain and manage the Stormwater Management System in a manner consistent with the St. Johns River Water Management District permit nos. 4-031-0165EM2 and 4-031-17232-14 requirements and applicable District rules, and shall assist in the enforcement of the restrictions and covenants contained in the Declaration.

5.3 Association Property. All funds and the title to all properties acquired by the Master Association and their proceeds shall be held for the benefit and use of the members in accordance with the provisions of the Declaration, these Articles and the Bylaws.

5.4 Distribution of Income; Dissolution. The Master Association shall not pay a dividend to its members and shall make no distribution of income to its members, directors or officers, and upon dissolution, all assets of the Master Association shall be transferred only to another non-profit corporation or a public agency or as otherwise authorized by the Florida Not For Profit Corporation Act (Chapter 617, Florida Statutes) and as may be approved by the St. Johns River Water Management District, with respect to the transfer of the Stormwater Management System.

5.5 Limitation. The powers of the Master Association shall be subject to and shall be exercised in accordance with the provisions hereof and of the Declaration, the Bylaws and applicable law, provided that in the event of conflict, the provisions of applicable law shall control over those of the Declaration and Bylaws. The provisions of the Declaration shall control over those of the Articles and Bylaws; the provisions of the Articles shall control over the provisions of the Bylaws.

6

MEMBERS

6.1 Membership. The members of the Master Association shall consist of WATERMILL, L.L.C. ("Declarant") and all of the record title owners of Lots or Units within the Property from time to time, which membership shall be appurtenant to and inseparable from ownership of the Lot or Unit.

6.2 Assignment. The share of a member in the funds and assets of the Master Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the Lot or Unit for which that share is held.

6.3 Voting. The Master Association shall have two (2) classes of voting membership:

Class A Members shall be all Owners, with the exception of the "Declarant" (as long as the Class B Membership shall exist, and thereafter, the Declarant shall be a Class A Member to the extent it would otherwise qualify). Each Class A Member shall have one vote for each Unit or Lot owned by such Member.

Class B Member. The Class B Member shall be the Declarant, or a representative thereof, who shall have the sole right to vote in Master Association matters until the occurrence of the earlier of the following events ("Turnover"):

- a. Three months after ninety (90%) of the Units or Lots in the Property that will ultimately be operated by the Master Association (including the Future Development Property) have been conveyed to Class A members.
- b. Such earlier date as Declarant, in its sole discretion, may determine in writing.

All votes shall be exercised or cast in the manner provided by the Declaration and Bylaws. After Turnover, the Class A Members may vote to elect the majority of the members of the Board. For the purposes of this Article, builders, contractors or others who purchase a Lot for the purpose of the constructing improvements thereon for resale shall not be deemed to be Class A members. After Turnover, for so long as the Declarant owns at least five percent (5%) of the Lots and Units within the Property, the Declarant may appoint the minority of the Board Members or not less than one (1) Director. After Turnover, the Declarant will be a Class A Member with respect to the Lots or Units which it owns and shall have all rights and obligations of a Class A member, except that it may not cast its votes for the purpose of reacquiring control of the Master Association.

6.4 Meetings. The Bylaws shall provide for an annual meeting of members, and may make provision for regular and special meetings of members other than the annual meeting.

6.5 Proviso. At Turnover, the Declarant shall transfer control of the Master Association to Owners other than the Declarant by causing enough of its appointed Directors to resign, whereupon it shall be the affirmative obligation of Owners other than the Declarant to elect Directors and assume control of the Master Association. Provided at least thirty (30)

days notice of Declarant's decision to cause its appointees to resign is given to Owners. neither the Declarant, nor such appointees, shall be liable in any manner in connection with such resignations even if the Owners other than the Declarant refuse or fail to assume control.

7

**INCORPORATOR**

The name and address of the Incorporator of this Corporation is:

NAME

ADDRESS

Susan D. Wood

4729 U.S. 17, Suite 204  
Orange Park, Florida 32003

8

**TERM OF EXISTENCE**

Existence of the Master Association shall commence with the filing of these Articles of Incorporation with the Secretary of State, Tallahassee, Florida and shall exist in perpetuity. The Master Association shall exist in perpetuity. Provided, however, in the event that the Master Association is dissolved, the assets shall be dedicated to the public body or conveyed to a non profit corporation with similar purpose. In the event of termination, dissolution or final liquidation of the Master Association, the responsibility for the operation and maintenance of the Stormwater Management System must be transferred to and accepted by an entity which would comply with Section 40C-42.027, F.A.C., and be approved by the St. Johns River Water Management District prior to such termination, dissolution or liquidation.

9

**OFFICERS**

The affairs of the Master Association shall be administered by the officers holding the offices designated in the Bylaws. The officers shall be elected by the Board of Directors of the Master Association at its first meeting following the annual meeting of the members of the Master Association and shall serve at the pleasure of the Board of Directors. The Bylaws may provide for the removal from office of officers, for filling vacancies and for the duties and qualifications of the officers. The names and addresses of the officers who shall serve until their successors are designated by the Board of Directors are as follows:

President:

Susan D. Wood

4729 U.S. 17, Suite 204  
Orange Park, Florida 32003

Vice President:

Wirt A. Beard

12854 Kenan #100  
Jacksonville, Florida 32258

Secretary/Treasurer:

Sandy Spencer

4729 U.S. 17, Suite 204  
Orange Park, Florida 32003

10  
**DIRECTORS**

- 10.1 Number and Qualification. The property, business and affairs of the Master Association shall be managed by a board consisting of the number of directors determined in the manner provided by the Bylaws, but which shall consist of not less than three (3) directors. Prior to Turnover, Directors need not be members of the Master Association.
- 10.2 Duties and Powers. All of the duties and powers of the Master Association existing under the law, the Declaration, these Articles and the Bylaws shall be exercised exclusively by the Board of Directors, its agents, contractors or employees, subject only to approval by Owners when such approval is specifically required.
- 10.3 Election and Removal. Directors of the Master Association shall be elected at the annual meeting of the Members in the manner determined by and subject to the qualifications set forth in the Bylaws. Directors may be removed and vacancies on the Board of Directors shall be filled in the manner provided by the Bylaws.
- 10.4 Term of Declarant's Directors. The Declarant shall appoint the members of the first Board of Directors and their replacements who shall hold office for the periods described in the Bylaws.
- 10.5 First Directors. The names and addresses of the members of the first Board of Directors who shall hold office until their successors are elected and have taken office, as provided in the Bylaws, are as follows:

NAME

ADDRESS

Susan Wood

4729 U.S. 17, Suite 204  
Orange Park, Florida 32003

Wirt A. Beard

12854 Kenan #100  
Jacksonville, Florida 32258

Sandy Spencer

4729 U.S. 17, Suite 204  
Orange Park, Florida 32003

- 10.6 Standards. A Director shall discharge his duties as a director, including any duties as a member of a Committee: in good faith; with the care an ordinary prudent person in a like position would exercise under similar circumstances; and in a manner reasonably believed to be in the best interests of the Master Association. Unless a Director has knowledge concerning a matter in question that makes reliance unwarranted, a Director, in discharging his duties, may rely on information, opinions, reports or statements, including financial statements and other data, if prepared or presented by: one or more officers or employees of the Master Association whom the Director reasonably believes to be reasonable and competent in the manners presented; legal counsel, public accountants or other persons as to matters the Director reasonably believes are within the persons' professional or expert competence; or a Committee of which the Director is not a member if the Director reasonably believes the Committee merits confidence. A Director is not liable for any action taken as a director, or any failure to take action, if he performed the duties of his office in compliance with the foregoing standards

11

**INDEMNIFICATION PROVISIONS**

- 11.1 Indemnitees. The Master Association shall indemnify any person who was or is a party to any proceeding (other than an action by, or in the right of, the Master Association) by reason of the fact that he is or was a director, officer, employee or agent (each, an "Indemnatee") of the Master Association, against liability incurred in connection with such proceeding, including any appeal thereof, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Master Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any proceeding by judgment, order, settlement, or conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Master Association or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.
- 11.2 Indemnification. The Master Association shall indemnify any person, who was or is a party to any proceeding by or in the right of the Master Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, or agent of the Master Association against expenses and amounts paid in settlement not exceeding, in the judgment of the board of directors, the estimated expense of litigating the proceeding to conclusion, actually and reasonably incurred in connection with the defense or settlement of such proceeding, including any appeal thereof. Such indemnification shall be authorized if such person acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Master Association, except that no indemnification shall be made under this subsection in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable unless, and only to the extent that, the court in which such proceeding was brought, or any other court of competent jurisdiction, shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.



- 11.3 Indemnification for Expenses. To the extent that a director, officer, employee, or agent of the Master Association has been successful on the merits or otherwise in defense of any proceeding referred to in subsection 11.1 or 11.2, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses actually and reasonably incurred by him in connection therewith.
- 11.4 Determination of Applicability. Any indemnification under subsection 11.1 or subsection 11.2, unless pursuant to a determination by a court, shall be made by the Master Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper under the circumstances because he has met the applicable standard of conduct set forth in subsection 11.1 or subsection 11.2. Such determination shall be made:
- (a) By the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such proceeding;
  - (b) If such a quorum is not obtainable or, even if obtainable, by majority vote of a Committee duly designated by the Board of Directors (in which directors who are parties may participate) consisting solely of two or more Directors not at the time parties to the proceeding;
  - (c) By independent legal counsel:
    - 1. selected by the Board of Directors prescribed in paragraph (a) or the committee prescribed in paragraph (b); or
    - 2. if a quorum of the Directors cannot be obtained for paragraph (a) and the Committee cannot be designated under paragraph (b), selected by majority vote of the full Board of Directors (in which Directors who are parties may participate); or
  - (d) By a majority of the voting interests of the members of the Master Association who were not parties to such proceeding.
- 11.5 Determination Regarding Expenses. Evaluation of the reasonableness of expenses and authorization of indemnification shall be made in the same manner as the determination that indemnification is permissible.
- 11.6 Advancing Expenses. Expenses incurred by an officer or director in defending a civil or criminal proceeding may be paid by the Master Association in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if he is ultimately found not to be entitled to indemnification by the Master Association pursuant to this section. Expenses incurred by other employees and agents may be paid in advance upon such terms or conditions that the Board of Directors deems appropriate.
- 11.7 Exclusivity; Exclusions. The indemnification and advancement of expenses provided pursuant to this section are not exclusive, and the Master Association may make any other

or further indemnification or advancement of expenses of any of its directors, officers, employees, or agents, under any bylaw, agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. However, indemnification or advancement of expenses shall not be made to or on behalf of any director, officer, employee, or agent if a judgment or other final adjudication establishes that his actions, or omissions to act, were material to the cause of action so adjudicated and constitute:

- (a) A violation of the criminal law, unless the director, officer, employee, or agent had reasonable cause to believe his conduct was lawful or had no reasonable cause to believe his conduct was unlawful;
- (b) A transaction from which the director, officer, employee, or agent derived an improper personal benefit; or
- (c) Willful misconduct or a conscious disregard for the best interests of the Master Association in a proceeding by or in the right of the Master Association to procure a judgment in its favor or in a proceeding by or in the right of the members of the Master Association.

11.8 Continuing Effect. Indemnification and advancement of expenses as provided in this section shall continue as, unless otherwise provided when authorized or ratified, to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person, unless otherwise provided when authorized or ratified.

11.9 Application to Court. Notwithstanding the failure of a Master Association to provide indemnification, and despite any contrary determination of the Board or of the members in the specific case, a director, officer, employee, or agent of the Master Association who is or was a party to a proceeding may apply for indemnification or advancement of expenses, or both, to the court conducting the proceeding, to the circuit court, or to another court of competent jurisdiction. On receipt of an application, the court, after giving any notice that it considers necessary, may order indemnification and advancement of expenses, including expenses incurred in seeking court-ordered indemnification or advancement of expenses, if it determines that: (a) The director, officer, employee, or agent is entitled to mandatory indemnification under subsection 11.3 in which case the court shall also order the Master Association to pay the director reasonable expenses incurred in obtaining court-ordered indemnification or advancement of expenses; (b) The director, officer, employee, or agent is entitled to indemnification or advancement of expenses, or both, by virtue of the exercise by the Master Association of its power pursuant to subsection 7.7; or (c) the director, officer, employee, or agent is fairly and reasonably entitled to indemnification or advancement of expenses, or both, in view of all the relevant circumstances, regardless of whether such person met the standard of conduct set forth in subsection 11.1, subsection 11.2, or subsection 11.7, unless (d) a court of competent jurisdiction determines, after all available appeals have been exhausted or not pursued by the proposed Indemnitee, that he did not act in good faith or acted in a manner he reasonably believed to be not in, or opposed to, the best interest of the Master

Association, and, with respect to any criminal action or proceeding, that he had reasonable cause to believe his conduct was unlawful, and (e) such court further specifically determines that indemnification should be denied. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or did act in a manner which he reasonably believed to be not in, or opposed to, the best interest of the Master Association, and, with respect to any criminal action or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

- 11.10 Definitions. For purposes of this Article 11, the term "expenses" shall be deemed to include attorneys' fees, including those for any appeals; the term "liability" shall be deemed to include obligations to pay a judgment, settlement, penalty, fine, and expenses actually and reasonably incurred with respect to a proceeding; the term "proceeding" shall be deemed to include any threatened, pending, or completed action, suit, or other type of proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal; and the term "agent" shall be deemed to include a volunteer; the term "serving at the request of the Master Association" shall be deemed to include any service as a director, officer, employee or agent of the Master Association that imposes duties on such persons.
- 11.11 Amendment. Anything to the contrary herein notwithstanding, no amendment to the provisions of this Article 11 shall be applicable as to any party eligible for indemnification hereunder who has not given his prior written consent to such amendment.

## 12 BYLAWS

The first Bylaws of the Master Association shall be adopted by the Board of Directors and may be altered, amended or rescinded in the manner provided in the Bylaws and the Declaration.

## 13 AMENDMENTS

Amendments to these Articles shall be proposed and adopted in the following manner:

- 13.1 Notice. Notice of a proposed amendment shall be included in the notice of any meeting at which the proposed amendment is to be considered and shall be otherwise given in the time and manner provided in Chapter 617, Florida Statutes. Such notice shall contain the proposed amendment or a summary of the changes to be affected thereby.

- 13.2 Adoption. Amendments shall be proposed and adopted in the manner provided in Chapter 617, Florida Statutes and in the Act (the latter to control over the former to the extent provided for in the Act); provided that in all events such amendments shall be approved by the Owners representing two thirds of the votes of the members of the Master Association who have voting power at the time of such amendment.
- 13.3 Declarant Amendments. Notwithstanding anything herein contained to the contrary, to the extent lawful, the Declarant may amend these Articles consistent with the provisions of the Declaration allowing certain amendments to be effected by the Declarant alone.
- 13.4 Recording. A copy of each amendment shall be filed with the Secretary of State pursuant to the provisions of applicable Florida law, and a copy certified by the Secretary of State shall be recorded in the public records of Duval County, Florida with an identification on the first page thereof of the book and page of said public records where the Declaration are recorded which contains, as an exhibit, the initial recording of these Articles.

14

**INITIAL REGISTERED OFFICE;  
ADDRESS AND NAME OF REGISTERED AGENT**

The initial registered office of this corporation shall be at 4729 U.S. 17, Suite 204, Orange Park Florida 32003, with the privilege of having its office and branch offices at other places within or without the State of Florida. The initial registered agent at that address shall be Susan D. Wood.

15

**APPROVAL OF FHA/VA**

In the event that a mortgage on a Unit or a Lot is guaranteed by the Federal Housing Agency ("FHA") or the Veteran's Administration ("VA"), then for so long as there is a Class B Membership, there shall be approval of the FHA or VA to the following actions: (i) Annexation of additional properties (excluding Future Development Property), mergers and consolidations of the Master Association, mortgaging of Common Property, dissolution or amendment of these Articles.

IN WITNESS WHEREOF, the Incorporator has affixed his signature the day and year set forth below.

Susan D. Wood

Susan D. Wood, Incorporator

Dated this 9<sup>th</sup> day of January, 2001.

CERTIFICATE DESIGNATING PLACE OF BUSINESS OR DOMICILE FOR THE  
SERVICE OF PROCESS WITHIN THIS STATE. NAMING AGENT  
UPON WHOM PROCESS MAY BE SERVED.

In compliance with the laws of Florida, the following is submitted:

First --That desiring to organize under the laws of the State of Florida with its principal office, as indicated in the foregoing Articles of Incorporation, in the County of Clay, State of Florida, the Master Association named in the said articles has named Susan D. Wood, located at 4729 U.S. 17, Suite 204, Orange Park, Florida 32003, as its statutory registered agent.

Having been named the statutory agent of said Master Association at the place designated in this certificate, I am familiar with the obligations of that position, and hereby accept the same and agree to act in this capacity, and agree to comply with the provisions of Florida law relative to keeping the registered office open.

Susan D. Wood

Susan D. Wood  
Registered Agent:

DATED this 9<sup>th</sup> day of January, 2001.

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SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

**EXHIBIT "C"**

**BYLAWS OF MASTER ASSOCIATION**

**BYLAWS  
OF  
WATERMILL MASTER ASSOCIATION, INC.**

**A Corporation Not for Profit  
Under the Laws of the State of Florida**

**1  
DEFINITIONS**

All terms in these Bylaws shall have the meanings as set forth in the Declaration of Covenants, Conditions, Restrictions and Easements for WaterMill and Notice of Assessments for WaterMill Master Association, Inc.

**2  
BOOKS AND PAPERS**

2.1 The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Member of the Association.

**3  
MEMBERSHIP**

3.1 Membership of the Association is as set forth in Article 6 of the Articles of Incorporation of the Association.

3.2 The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each Owner of, and becomes a lien upon, that portion of the Property against which such assessments are made as provided in the Declaration.

**4  
BOARD OF DIRECTORS**

4.1 After Turnover, the Directors of the Association shall be elected at the annual meeting of the Members except as otherwise specified in the Articles of Incorporation. The election shall be decided by majority of votes cast either by Members present in person or by written ballots cast prior to or at the annual meeting. The election shall be valid notwithstanding whether there was a quorum at the meeting.

4.2 Any director (other than a director designated by the Declarant) may be removed from office at any time with or without cause by the affirmative majority vote of the Association membership cast at a meeting at which a quorum is present.

4.3 After Turnover, the first meeting of the duly elected Board of Directors, for the purposes of organization, shall be held immediately after the annual meeting of Members, provided the majority of the members of the Board elected be present. Any action taken at such meeting shall be by a majority of the whole Board. If the majority of the members of the Board elected shall not be present at that time, or if the directors shall fail to elect officers, the meeting of the Board to elect officers shall then be held within thirty (30) days after the annual meeting of Members upon three (3) days notice in writing to each member of the Board so elected, stating the time, place and object of such meeting.

4.4 Subject to the provisions of Section 4.6 below, regular meetings of the Board of Directors may be held at any place or places in Florida as designated by the Board, on such days and at such hours as the Board of Directors may, by resolution, designate.

4.5 Subject to the provisions of Section 4.6 below, special meetings of the Board of Directors may be called at any time by the President or by any two (2) members of the Board and may be held any place or places within Florida as designated by the Board, and at any time.

4.6 Except only for meetings between the Board and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be protected by the attorney-client privilege, regular and/or special meetings of the Board of Directors shall be open to all Owners, and notices of Board meetings shall be posted in a conspicuous place on the property governed by the Association at least forty eight (48) hours prior to the meeting, except in the event of an emergency. In the alternative, if notice is not conspicuously posted, notice of the Board meeting must be mailed or delivered to each Member at least seven (7) days before the meeting, except in an emergency. Notice of any meeting in which assessments against Lots or Units are to be considered shall specifically contain a statement to that effect as well as a statement of the nature of such assessments.

4.7 Directors (including affiliates of the Declarant) shall have the absolute right to resign at any time and the remaining directors in office shall then fill the vacancies, provided that if all directors resign, a special meeting of Members shall be called as soon as possible for the purpose of electing new directors and the resignations of such directors shall not be effective until such election is held and new directors are elected, except that if no meeting is held or no directors are elected after two (2) attempts to call and hold such meeting, the resignations shall become effective simultaneously with the date and time of the scheduled second meeting, whether held or not or whether new directors are elected or not. Notwithstanding anything herein contained to the contrary, in the event that a Director appointed by the Declarant resigns, said seat shall be filled by a replacement designated by the Declarant rather than by the remaining directors.

4.8 Directors may not vote by proxy or secret ballot, provided, however, that secret ballots may be used for the election of officers.

4.9 The Directors of the Association have a fiduciary duty to the Owners of Lots or Units governed by the Association.



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