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INSTR 20040634585
OR BK 07644 PG 0288 PGS=52
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10/05/2004 10:50:26 AM
REC FEE 443.50

**NEIGHBORHOOD DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR THE TOWNHOMES AT AVALON LAKES**

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EXHIBIT A – LEGAL DESCRIPTION
EXHIBIT B – ARTICLES OF INCORPORATION
EXHIBIT C – BYLAWS

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**NEIGHBORHOOD DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR THE TOWNHOMES AT AVALON LAKES**

THIS NEIGHBORHOOD DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR THE TOWNHOMES AT AVALON LAKES is made as of the 3rd day of August 2004, by REGIONAL DEVELOPMENT/AVALON, LLC, a Florida limited liability company, 11507 North Shore Golf Club Blvd., Orlando, FL 32832

RECITALS:

A. Declarant (as hereinafter defined) is the owner of all of the land in Orange County, Florida, described on Exhibit "A"; and

B. Declarant desires to subject said land to the covenants, restrictions, conditions and easements hereinafter set forth, each and all of which are hereby declared to be for the benefit of each and every present and future owner of any and all parts thereof; and

C. The property to be made subject to this Declaration (as hereinafter defined) is a portion of the property encumbered by the Master Declaration (as hereinafter defined); and

D. The Declarant desires to create a Neighborhood (as defined in the Master Declaration) by the recording of this Declaration as a Neighborhood Declaration (as defined in the Master Declaration).

NOW, THEREFORE, Declarant, for itself, its successors and assigns, hereby declares and imposes the covenants, conditions, restrictions and easements hereafter described on the lands owned by Declarant described above, which covenants, conditions, restrictions and easements shall run with the title to said lands and shall be binding upon all parties having any rights, title or interest in said lands or any part thereof, their heirs, personal representatives and assigns, and shall inure to the benefit of each owner thereof, and their respective mortgagees:

ARTICLE 1

DEFINITIONS

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

1.1 "Assessment". "Assessment" means and refers to the assessments described in Article 7 herein.

1.2 "Association". "Association" means and refers to THE TOWNHOMES AT AVALON LAKES ASSOCIATION, INC., a Florida not-for-profit corporation.

1.3 "Board of Directors". "Board of Directors" means and refers to the board of directors of the Association.

1.4 "Common Area". "Common Area" means and refers to all real property (including the improvements thereto) owned by the Association, including, but not limited to Tracts D, F and G on the Plat, for the common use, enjoyment and benefit of the Owners (but not including any tract or portion thereof dedicated on a Plat to the public or to a public utility provider); together with all personal property, landscaping and any improvements thereon, including, without limitation, all structures, open space, conservation areas, retention areas, walkways, entrance markers and features, signs, and street lights, if any, but excluding any public utility installations thereon.

1.5 "Common Expense(s)". "Common Expense(s)" means and refers to the following expenses: (a) costs of painting Townhome Residential Buildings; (b) costs for termite control service for the Townhome Residential Buildings (which termite control service shall be the obligation of the Association to obtain for each of the Townhome Residential Buildings on the Property); (c) costs of operating and maintaining the Pool Area; (d) costs of insurance from time to time obtained by the Association in accordance with Section 8.1 herein; (e) costs of maintaining and repairing the Common Roofs; (f) costs of operating and maintaining all other improvements and easement areas for which the Association is responsible for maintaining, repairing and/or replacing, including but not limited to all Common Areas, and the grass, landscaping and irrigation system located on all of the Lots; (g) all utility charges and other taxes on Association-owned property; (h) the cost of the Association's performance of all obligations imposed upon the Association by this Declaration, the Association's Articles of Incorporation, the Association's Bylaws or otherwise; (i) operating costs of the Association, (j) costs and fees of accountants, attorneys and other professionals retained by the Board of Directors to serve, represent or advise the Association. Common Expenses shall not include costs of maintaining or repairing the Party Walls.

1.6 "Common Roof". "Common Roof" means and refers to the exterior roof covering (i.e. shingles) of a Townhome Residential Building, including all components of said exterior cover, but not the supporting structure.

1.7 "Declaration". "Declaration" means and refers to this Neighborhood Declaration of Covenants, Conditions, Restrictions and Easements for The Townhomes at Avalon Lakes, as recorded in the Public Records of Orange County, Florida, as the same may be amended from time to time, which Declaration shall constitute a Neighborhood Declaration in accordance with the terms of the Master Declaration. This Declaration is sometimes referred to herein as the "Neighborhood Declaration".

1.8 "Declarant". "Declarant" means and refers to Regional Development/Avalon, LLC, a Florida limited liability company, and its successors and assigns by virtue of such written instruments assigning the rights and obligations of Declarant hereunder which are recorded in the Public Records of Orange County, Florida. Upon recordation of any such assignment the initial Declarant shall be released and absolved from any further obligations on the part of the Declarant as may thereafter arise by or through this Declaration. A Lot purchaser, Lot Owner or Lot mortgagee shall not be deemed to be the Declarant by the mere act of purchase or mortgage of a Lot.

1.9 "Drainage Easements". "Drainage Easements" means and refers to the drainage and retention easements declared and reserved on the Plat.

1.10 "Entitled to Vote". "Entitled to Vote" means and refers to that Lot Owner who shall cast a vote for a Lot at an Association meeting. If more than one person or legal entity shall own any Lot, the owners thereof shall determine among themselves who shall be the Member Entitled To Vote. Said determination shall be manifested upon a voting certificate, signed by all Owners of said Lot, and given to the Association Secretary for placement in the Association records. Notwithstanding anything contained herein to the contrary, all Lot Owners whether Entitled To Vote or not are assured of all other privileges, rights, and obligations of Association membership and shall be Members of the Association. In no event shall any mortgagee or other party holding any type of security interest in a Lot or the Residence constructed thereon be Entitled To Vote for purposes hereof, unless and until any of said parties obtain or receive fee simple title to such Lot.

1.11 "Institutional Lender" or "Institutional Mortgagee". "Institutional Lender" or "Institutional Mortgagee" means and refers to a bank, savings and loan association, insurance company, mortgage company, real estate investment trust, pension fund, pension trust, or any other generally recognized institutional type lender or its loan correspondent, the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and to any successor or assignee thereof.

1.12 "Lot". "Lot" means and refers to any Lot on the Plat.

1.13 "Master Association". "Master Association" means and refers to the Avalon Lakes Homeowners Association, Inc., a Florida not-for-profit corporation, established in accordance with the terms of the Master Declaration.

1.14 "Master Common Area". "Master Common Area" means and refers to Tracts A, B, C, E, H, I and K on the Plat, which are dedicated to and will be maintained by the Master Association.

1.15 "Master Declaration". "Master Declaration" means and refers to that certain Declaration of Covenants, Conditions and Restrictions for Avalon Lakes, recorded on September 20, 2002, in Official Records Book 6620, Page 4868, as amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions recorded January 27, 2004, in Official Records Book 7281, Page 1781, as

re-recorded February 25, 2004 in Official Records Book 7321, Page 192, all in the Public Records of Orange County, Florida as the same may be amended from time to time.

1.16 "Member". "Member" means and refers to all those Owners who are Members of the Association as provided in Article 4 hereof.

1.17 "Owner". "Owner" means and refers to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon the Property. Each Owner shall be a member of the Association.

1.18 "Party Wall". "Party Wall" means and refers to the common wall separating one Residence from another Residence in the same Townhome Residential Building.

1.19 "Plat". "Plat" means and refers to the plat of AVALON LAKES, VILLAGES A&B as recorded in Plat Book 58, Pages 81 through 86, inclusive, of the Public Records of Orange County, Florida, and any other plat of all or any portion of the Property.

1.20 "Pool Area". "Pool Area" means and refers to the pool, pool deck, cabana and related amenities to be constructed on Tract F of the Plat, and which will be maintained by the Association.

1.21 "Property". "Property" means and refers to the property as described on Exhibit "A" attached hereto.

1.22 "Residence". "Residence" means and refers to that portion of a Townhome Residential Building located on a Lot intended for use and occupancy as a residential dwelling for which a certificate of occupancy has been duly issued.

1.23 "Rules and Regulations". "Rules and Regulations" means and refers to the rules and regulations promulgated by the Board of Directors or the Architectural Review Board from time to time.

1.24 "Townhome Residential Building". "Townhome Residential Building" means and refers to a building containing attached Residences.

ARTICLE 2

EFFECT OF MASTER DECLARATION

2.1 Owners Subject to Master Declaration. Each Owner of a Lot or any other portion of the Property, by acceptance of a deed or other instrument evidencing its ownership interest, accepts and acknowledges the authority of the Master Declaration and of the Master Association created pursuant to said Master Declaration, and agrees to abide by and be bound by the provisions of the Master Declaration, and all exhibits thereto, in addition to being bound by this Neighborhood Declaration, and the articles of incorporation and bylaws of the Association, which are attached hereto as Exhibits "B"

and "C", respectively. In addition, the family, guests, invitees and tenants of said Owners shall, while in or on the Property, also abide and be bound by such authorities. Each Owner understands and acknowledges that the Master Declaration establishes numerous covenants, conditions, and restrictions that affect the Property, which restrictions include but are not limited to provisions relating to maintenance obligations, assessment obligations, architectural control, lien rights, and the enforcement of general rules and regulations.

2.2 MEMBERSHIP IN MASTER ASSOCIATION. IN ACCORDANCE WITH THE TERMS OF THE MASTER DECLARATION, EACH OWNER SHALL ALSO BE A MEMBER OF THE MASTER ASSOCIATION AND SHALL PAY ASSESSMENTS TO THE MASTER ASSOCIATION IN ACCORDANCE WITH THE MASTER DECLARATION IN ADDITION TO THE ASSESSMENTS REQUIRED TO BE PAID TO THE ASSOCIATION PURSUANT TO ARTICLE 7 BELOW. AS MORE PARTICULARLY SET FORTH IN THE MASTER DECLARATION, THE ANNUAL ASSESSMENTS DUE THE MASTER ASSOCIATION MAY INCLUDE A CHARGE FOR CABLE TELEVISION AND/OR TELECOMMUNICATIONS SERVICES.

2.3 Master Common Areas. The Master Association is responsible for maintaining the Master Common Areas, including the roadways and sidewalks within the Property, all in accordance with the Master Association.

ARTICLE 3

PROPERTY SUBJECT TO THIS DECLARATION

The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Orange County, Florida, and is more particularly described as on Exhibit "A" attached hereto and made a part hereof (the "Property"). Tract J, as shown on the Plat, is a Lift Station Tract dedicated to Orange County by virtue of the Plat; and Tract J is not subject to the terms and conditions of the Declaration.

ARTICLE 4

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

4.1 Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot shall be a Member of the Association. Notwithstanding anything else to the contrary set forth in this Section 4.1, 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 Association. Membership in the Association shall be appurtenant to each Lot and may not be separated from ownership of said Lot. The record title holder to each Lot shall automatically become a Member of the Association and shall be assured of all rights and privileges thereof upon presentation of a photostatically or otherwise reproduced copy of said Owner's deed to the Association Secretary for placement in the records of the Association. To the extent that said deed shall pass title to a new Lot Owner from an existing Lot Owner, membership in the Association shall be transferred from the existing Lot Owner to the new Lot Owner. In no event shall any

mortgagee or other party holding any type of security interest in a Lot or the Residence constructed thereon be a Member of the Association unless said party obtains or receives fee simple title to such Lot.

4.2 Voting Rights. The Association shall have two (2) classes of voting membership:

(a) Class A. Class A Membership shall be all Owners of Lots except the Declarant as long as the Class B membership shall exist, and thereafter, the Declarant shall be a Class A Member. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interests required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, but the vote for such Lot shall be exercised only by that one person who is Entitled To Vote. In no event shall more than one vote be cast with respect to any such Lot.

(b) Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot owned by the Class B Member. All voting rights of Class B Membership shall be freely transferable, subject to this Declaration, to third parties. The Class B membership shall cease and terminate upon the earlier to occur of (i) conveyance of the Lot to a Class A Member that causes the total number of votes held by all Class A Members to equal or exceed the number of votes held by the Class B Member; (ii) seven (7) years after the date on which this Declaration is recorded in the Public records of Orange County, Florida, or (iii) at such earlier time as Declarant, in its discretion, may so elect by recording notice of such election in the Public Records of Orange County, Florida. Upon termination of the Class B membership as provided for herein, the Class B membership shall convert to Class A membership with voting strength as set forth above for Class A membership.

4.3 General Matters. When reference is made herein, or in the articles of incorporation, 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 Entitled To Vote and not of the Members themselves.

ARTICLE 5

PARTY WALLS

5.1 General Rules of Law to Apply. To the extent not inconsistent with this Article 5, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply concerning a Party Wall.

5.2 Sharing of Repairs, Maintenance and Replacement. Other than as specifically set forth in this Article 5 below, the cost of reasonable repair, maintenance and replacement of a Party Wall shall be shared equally by the Owners who make use of the Party Wall and shall be a lien against their respective Lots as provided hereafter.

5.3 Repair and Restoration. If a Party Wall is destroyed or damaged or requires structural repair, the Association in the exercise of its reasonable discretion,

shall either restore, repair or replace said Party Wall, and each Owner sharing said Party Wall shall be jointly and severally liable to the Association for the cost thereof without prejudice, however, to the right to any such Owner to collect a larger contribution from the other Owners under any rule of law regarding liability for negligent or willful acts or omissions. The Association shall have the right to enter on the property of any Owner sharing a Party Wall during normal working hours and after reasonable notice to perform its obligations arising hereunder; provided, however, that in the event of an emergency, the Association or any Owner of a Residence sharing a Party Wall shall have the right to enter the Residence of another Owner sharing that Party Wall, without notice, to make emergency repairs. Any and all costs incurred by the Association pursuant to this Article for which an Owner is responsible for reimbursing the Association shall constitute an Individual Assessment under Article 7 hereof. No bids need to be obtained by the Association for any such work and the Association shall designate the contractor in its sole discretion. All sums due the Association pursuant to this Section shall be due and payable immediately upon demand by the Association.

5.4 Weatherproofing. Notwithstanding any other provision of this Section, any Owner who by his negligent or willful act causes the Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

5.5 Easement for Repair, Maintenance and Replacement. Declarant hereby reserves unto itself and hereby further grants to the Association and to each Owner a nonexclusive easement and right of ingress and egress in, under, over and across any Lot and the improvements located thereon as may be reasonably necessary for the purpose of repairing, maintaining and replacing any Party Wall.

ARTICLE 6

COMMON ROOFS

6.1 General Rules of Law to Apply. To the extent not inconsistent with this Section, the general rules of law regarding liability for property damage due to negligence or willful acts or omissions shall apply concerning a Common Roof.

6.2 Sharing of Repairs, Maintenance and Replacement. Other than as specifically set forth in this Article 6 below, the cost of reasonable repair, maintenance and replacement of the Common Roofs shall be a Common Expense.

6.3 Repair and Restoration. If a Common Roof is destroyed or damaged or requires repair, the Association, in the exercise of its reasonable discretion, shall either restore, repair or replace said Common Roof, as the case may be. The Association shall have the right to enter on the property of any Owner sharing a Common Roof during normal working hours and after reasonable notice to perform its obligations arising hereunder; provided, however, that in the event of an emergency, the Association shall have the right to enter a Residence without notice to make emergency repairs. To the extent that any drainage to a Common Roof is not covered by insurance and has been caused by the affirmative, intentional act of an Owner or by the gross negligence of such Owner, then the Association, in its sole and absolute discretion may,

but shall not be required to, recover the cost incurred by the Association in restoring, repairing and/or replacing such damaged Common Roof. Any and all costs described above which may be collected from an Owner in accordance with this paragraph shall constitute an Individual Assessment for which the Association shall have lien rights and all other enforcement rights in favor of the Association for enforcing the payment of other Assessments, as set forth in Article 7 herein. No bids need to be obtained by the Association for any such work and the Association shall designate the contractor in its sole discretion.

6.4 Easement for Repair, Maintenance and Replacement of Common Roofs. Declarant hereby reserves unto itself and hereby grants to the Association and to each Owner a nonexclusive easement and right of ingress and egress in, under, over and across any Lot and the improvements located thereon as may be reasonably necessary for the purpose of repairing, maintaining and replacing the Common Roofs.

ARTICLE 7

ASSOCIATION COVENANT FOR ASSESSMENTS

7.1 Creation of the Lien and Personal Obligations for the Assessments.

(a) Covenant to Pay. Each Owner, by acceptance of title to any Lot, whether or not it shall be so expressed in any deed or other conveyance, covenants and agrees to pay to the Association: (1) Annual Assessments, (2) Initiation Assessments, (3) Special Assessments, and (4) Individual Assessments. Assessments shall be fixed, established and assessed as herein provided. Declarant shall be excused from payment of Annual Assessments and Special Assessments for so long as Declarant subsidizes the budget of the Association pursuant to Section 7.10 herein. Declarant shall never be obligated to pay any Initiation Assessment or Individual Assessment.

(b) Lien and Personal Obligation. Assessments, together with such interest and late charges as shall be imposed by the Board of Directors pursuant to the terms hereof, and the cost of collection thereof, including without limitation court costs and reasonable attorneys' and paralegals' fees before trial, at trial and on appeal, and in all post-judgment proceedings, shall be a charge and a continuing lien upon the Lot against which such Assessment is made from and after the date on which such Assessment is due. Each Assessment, together with said interest, late charges, costs and fees, shall also be the personal obligation of each person who was an Owner of the Lot at the time the Assessment fell due.

(c) Nonpayment.

(i) Lien. If any Assessment or installment thereon is not paid when due, then such Assessment shall be delinquent and the delinquent Assessment, together with interest, late charges, and collection costs, shall be secured by a continuing lien on the Lot as to which the Assessment accrued. The lien shall be prior to all other liens hereinafter created except taxes or assessments levied by governmental authority, and except as to the lien of any first mortgage. The lien shall

be prior to and superior in dignity to homestead status. The lien shall bind the Lot during the ownership by the Owner who owned the Lot at the time the Assessment fell due and the lien shall continue in effect following transfer of title to the relevant Lot to each subsequent Owner until all amounts secured by the lien have been paid. The personal obligation of the Owner to pay any delinquent Assessment shall remain that Owner's personal obligation for the statutory limitations period and personal liability shall not pass to successors in title unless expressly assumed by them.

(ii) Late Fees and Interest. If any Assessment is not paid within ten (10) days after the due date, the Association shall have the right to charge the defaulting Owner a late fee of ten (10%) percent of the amount of the Assessment or Ten (\$10.00) Dollars, whichever is greater, plus interest at the then highest rate of interest allowable by law (or, if there is no highest lawful rate, 18% per year) from the due date until paid. If there is no due date applicable to any particular Assessment, then the Assessment shall be due ten (10) days after written demand by the Association.

(iii) Remedies. The Association shall have and may pursue any and all remedies available at law and in equity for the collection of delinquent Assessments, including but not limited to bringing an action for collection against the Owner personally obligated to pay the delinquent Assessment, recording a claim of lien (as evidence of its lien and lien rights as provided for in this Declaration) against the Lot as to which the delinquent Assessment remains unpaid, and foreclosing the lien against the Lot by judicial foreclosure in the same manner as foreclosure of a mortgage. The Association may pursue any one or more of its remedies at the same time or successively. There shall be added to the amount of such delinquent Assessment the above-mentioned interest, late charges, collection costs and attorneys' and paralegals' fees, which fees and collection costs shall be recoverable whether or not suit is brought. The Owner shall also be required to pay the Association any Assessments against the Lot which become due during the period of collection and foreclosure. The Association shall have the right and power to bid at the foreclosure sale and to own, sell, lease, encumber, use and otherwise deal with any Lot acquired by the Association through foreclosure.

(d) Exempt Property. The following property shall be exempt from the Assessments and liens created herein: (i) the Common Area; (ii) any portion of the Property maintained by the Master Association; (iii) lands dedicated to the County or other governmental authority, any utility company or the public; and (iv) Lots owned by Declarant during the period of time that Declarant subsidizes the Common Expenses of the Association pursuant to Section 7.10. No other land or improvements in the Property shall be exempt from Assessments or liens. No Owner may avoid Assessment obligations by virtue of non-use or abandonment of the Owner's Lot or the Common Area.

7.2 Purpose. The Assessments levied by the Association may be used to promote the recreation, health, safety and welfare of the Owners, to perform the Association's duties and to exercise the powers conferred on it, and to pursue any other

lawful purpose deemed desirable or appropriate by the Board of Directors, including without limitation any one or more of the following: (a) payment of Common Expenses and funding of reserves as required by Section 7.3 of this Declaration; (b) repayment of any deficits previously incurred by the Association; and (c) doing any other thing permitted by law, this Declaration, and the Association's Articles of Incorporation and Bylaws necessary or desirable in the judgment of the Board of Directors to keep the Property neat and attractive, to preserve or enhance the value thereof, to eliminate fire, health or safety hazards, or otherwise to benefit the Owners.

7.3 Annual Assessments.

(a) Operating Budget. At least forty five (45) days prior to the end of each fiscal year, the Board of Directors shall prepare and approve a budget of the estimated Common Expense of the Association for the coming year, together with any amounts necessary to fund any deficits from prior years and to provide reserves for future expenses, including but not limited to the annual capital contribution approved by the Board of Directors under Subsection (b) below.

(b) Capital Budget. Each year, the Board of Directors shall approve a capital budget taking into account the number, type, useful life and expected major repair or replacement cost of major components, such as but not limited to, the Pool Area, the Common Roofs and painting the exterior of the Townhome Residence Buildings. The Board of Directors shall then set the required annual capital contribution in an amount sufficient to meet the projected capital needs of the Association on a timely basis. The annual capital contribution fixed by the Board of Directors shall then be included in the annual operating budget described in Subsection (a) above.

(c) Adoption of Operating Budget. The Association shall mail to each Member a copy of the capital budget, operating budget and projected Annual Assessments approved by the Board of Directors to be levied for the next fiscal year at least thirty (30) days prior to the end of the Association's current fiscal year. The operating budget and Annual Assessments shall become effective unless disapproved at a special meeting of the Members duly called for such purpose held not later than sixty (60) days after the proposed budget and Assessments are mailed to the Members. To be effective, the disapproval must be by a vote of two-thirds (2/3) of the membership of the Association, without regard to class. If the membership so disapproves the operating budget for the succeeding year, or if the Board of Directors fails to propose a budget, then the budget and Annual Assessments for the preceding year shall continue in effect until a new budget is determined.

(d) Allocation of Annual Assessments Among Lots and Units. Annual Assessments shall be assessed against all Owners and their Lots in an equal amount per Lot.

7.4 Initiation Assessments, Special Assessments, and Individual Assessments.

(a) Initiation Assessments. At the closing of the first purchase of each Lot by an Owner (other than Declarant) who acquires the Lot for any purpose other than to build or construct improvements thereon for resale in the ordinary course of business, the Owner shall pay to the Association a one time Initiation Assessment in the amount of One Hundred and No/100ths Dollars (\$100.00) per Lot as a contribution to the capital of the Association. Initiation Assessments are not refundable and shall not be prorated. The Association may use Initiation Assessments for any purpose permitted hereunder.

(b) Special Assessments. In addition to Annual Assessments, the Board of Directors may levy at any time a Special Assessment for the purpose of defraying the cost of any construction, repair or replacement on the Common Areas, the Common Roofs, or the exterior of the Townhome Residence Buildings, or on any easement benefiting the Association, for the purpose of covering any budget deficits of the Association, or for any other purpose deemed desirable or appropriate by the Board of Directors; provided, however, that any such Special Assessment that exceeds fifteen percent (15%) of the operating budget for that fiscal year shall have the approval of a majority of the votes of the Members of each class who are in attendance and voting in person or by proxy at a meeting duly called for said purpose.

(c) Individual Assessment. The Board of Directors may levy an Individual Assessment against any Owner and that Owner's Lot in order to cover costs incurred by the Association: (a) under Sections 5.3, 6.3 and/or 7.8 herein for maintenance or replacement of that Owner's Party Wall(s), Common Roof or Residence exterior; (b) due to that Owner's failure to maintain that Owner's Lot or Residence pursuant to the standards set forth in this Declaration; or (c) for loss or damage to the Association or to any Common Area or easement area caused by that Owner or his tenant, agent, contractor, invitee or guest, and not covered by insurance; or (d) for any other purpose expressly authorized by this Declaration.

7.5 Commencement Dates; Initial Annual Assessments; Due Dates. Annual Assessments on the Lots shall commence on the date this Declaration is recorded in the Public Records of Orange County, Florida. The Annual Assessment for the balance of calendar year 2004 shall be EIGHT HUNDRED and 00/100 DOLLARS (\$800.00) (to be prorated from the date of Closing until December 31, 2004) for each Lot. At the closing of the sale of each Lot in the Property by Declarant to the first purchaser from Declarant, the purchaser shall pay to the Association the entire Annual Assessment for the calendar year of closing, prorated on a per diem basis from the date of closing through the end of that calendar year. Thereafter, Annual Assessments shall be due, in advance, on or before the commencement of the Association fiscal year for which imposed; but the Board of Directors may elect to collect Annual Assessments in semi-annual installments. In the event of such deferred payments, the Board of Directors may but shall not be required to charge a uniform, lawful rate of interest on the unpaid balance. The Board of Directors may accelerate the balance of any Annual Assessment upon default in the payment of any installment thereon. Annual

Assessments which commence to accrue as to any Lot other than on the first day of the year shall be prorated for the balance of that year.

7.6 Association Assessments Are In Addition To Master Association Assessments. IN ADDITION TO ALL ASSESSMENTS REQUIRED TO BE PAID TO THE ASSOCIATION HEREUNDER, EACH OWNER SHALL ALSO BE REQUIRED TO PAY ASSESSMENTS TO THE MASTER ASSOCIATION IN ACCORDANCE WITH THE MASTER DECLARATION AS CONTEMPLATED IN ARTICLE 2, ABOVE.

7.7 Subordination. The lien for Assessments provided for in this Declaration shall be subordinate to the lien of any Institutional Mortgagee. Any Institutional Mortgagee or other acquirer who obtains title to a Lot through foreclosure of a first mortgage from an Institutional Mortgagee, or by voluntary conveyance in lieu of such foreclosure, shall not be liable for the uncollected Assessments or interest, late charges or collection costs pertaining to such Lot, or due from the former Owner thereof, which became due prior to the acquisition of title by said mortgagee or other acquirer. Instead, the unpaid amounts shall be deemed a Common Expense collectible from all Owners, including the acquiring mortgagee or other acquirer, on an equal basis. Any such transfer to or by a mortgagee or other acquirer through foreclosure of a first mortgage, or by voluntary conveyance in lieu of such foreclosure, shall not relieve the transferee of responsibility, or the Lot from the lien, for Assessments thereafter falling due.

7.8 Assessment Rights for Owner's Failure to Perform Exterior Maintenance. Other than to the extent maintenance obligations are specifically allocated to the Association in this Declaration, the Owner of each Lot shall maintain the exterior of such Owner's Residence and Lot at all times in a neat and attractive manner and as provided elsewhere herein. Upon the Owner's failure to do so, the Association may at its option, after giving the Owner thirty (30) days' written notice sent to such Owner's last known address, or to the address of the subject premises, perform such reasonable maintenance and make such repairs as may be required to restore the neat and attractive appearance of the Lot and the exterior of the Residence located thereon. The cost of any of the work performed by the Association upon the Owner's failure to do so shall be immediately due and owing from the Owner of the Lot and shall constitute an Individual Assessment against the Lot on which the work was performed, collectible in a lump sum and secured by a lien against the Lot as herein provided in this Article 7. No bids need to be obtained by the Association for any such work and the Association shall designate the contractor in its sole discretion.

7.9 Certain Duties of the Board of Directors. Subject to other provisions hereof, the Association shall upon demand at any time furnish to any Owner liable for an Assessment a certificate in writing signed by an officer of the Association, setting forth whether such Assessment has been paid as to any particular Lot. Such certificate shall be conclusive evidence of payment of any Assessment to the Association therein stated to have been paid. The Association may charge a reasonable fee for such certificate. The Association shall collect the Assessments of the Association. The 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 the Declarant) for

management services or for other services beneficial to the Association or the proper operation and maintenance of the Property. The Association shall have all other powers provided or implied elsewhere herein, in its Articles of Incorporation and its Bylaws.

7.10 Effect of Nonpayment of Assessment; the Personal Obligation; the Lien; Remedies of the Association. If any Assessment (or installment thereof), whether annual, general, individual or special, is not paid on the date(s) when due, then such Assessment (or installment thereof) shall become delinquent and, at the option of the Association, all Assessments attributable to the Lot for the existing fiscal year shall be accelerated and shall become immediately due and payable and shall, together with late charges, interest and the cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot which shall bind such property. Each Assessment against a Lot shall also be the personal obligation of the Owner at the time the Assessment fell due.

(i) If any installment of an Assessment is not paid within fifteen (15) days after the due date (or if no due date is established herein, then within fifteen (15) days after the date established by the Association for payment of any such Assessment or installment thereof), the Association may (a) impose a late charge not greater than FIFTY AND NO/100 DOLLARS (\$50.00) per installment, (b) collect on all such sums due the Association interest from the dates when due until paid at the highest lawful rate, (c) bring an action at law against the Owner(s) personally obligated to pay the same, (d) record a claim of lien against the Lot on which the assessments and late charges are unpaid and foreclose that lien, or (e) pursue one or more of such remedies at the same time or successively. The Association shall also have the right to recover its attorneys' fees (including paralegal fees) and costs, including without limitation costs and expenses for consultation with an attorney because any such sums have not been paid, and costs and expenses charged by such attorney for services related in any way to the failure by an Owner to pay such sums (such as without limitation fees for telephone calls, preparation of correspondence, attendance at meetings, etc.), whether or not suit is filed. Further, in addition to the foregoing, in the event suit is filed, the Association shall have the right to recover all attorneys' fees, paralegals' fees and costs incurred before trial, at trial and upon all appellate levels.

(ii) In addition to the rights of collection stated above, if any installment of an Assessment is not paid within fifteen (15) days after the due date, the Board of Directors of the Association may impose a fine on the Lot for which the Assessment was not paid (and the fine shall also be the personal obligation of the Owner). The fine shall be imposed by the Board of Directors at a duly called meeting in accordance with the Bylaws of the Association, and notice of the fine shall be sent to the Owner by certified mail, return receipt requested, postage prepaid. The Owner may appeal the fine to the Board of Directors in accordance with reasonable procedures prescribed by the Board of Directors from time to time. The determination of the Board of Directors with respect to any such appeal shall be final.

(iii) If any such fine is not timely paid, then the fine, together with reasonable costs of collection thereof as provided herein, shall become a continuing lien

on the Lot which shall bind such Lot. Additionally, the fine shall also be the personal obligation of the Owner of the Lot at the time the fine is assessed.

(iv) The Association may, at its option, (a) bring an action at law against the Owner personally obligated to pay the fine, (b) record a claim of lien against the Lot for which the fine is unpaid and foreclose that lien, or (c) pursue one or more such remedies at the same time or successively.

(v) 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 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 Vote at a duly called meeting of the Members nor to the enjoyment of the Common Areas until such time as all unpaid and delinquent Assessments due and owing from the selling Owner have been fully paid and no sale or other disposition of said Lot shall be permitted until an estoppel letter is received from the Association acknowledging payment in full of all Assessments and other sums due; provided, however, that the provisions of this sentence shall not be applicable to Institutional Lenders and purchasers contemplated by Section 7.16 of this Article.

(vi) It shall be the legal right of the Association to enforce payment of the Assessments hereunder. Failure of the Association to send or deliver bills shall not, however, relieve Owners from their obligations hereunder.

7.11 Funding by Declarant. Notwithstanding anything contained in this Declaration to the contrary, Declarant shall not be obligated to pay any Annual Assessment or Special Assessment as to any Lot owned by Declarant during any period of time that Declarant pays the Common Expense actually incurred over and above the income derived from Initiation Assessments, Annual Assessments, Special Assessments and Individual Assessments due from the other Owners pursuant to this Declaration. For purposes of this subsidy arrangement, Declarant need not subsidize or pay replacement reserves or capital expenditures. Declarant, at its option, may elect by written notice delivered to the Association at any time to abandon the subsidy approach and commence payment of the Annual Assessments and Special Assessments thereafter falling due for the Lots and Units then owned by Declarant, prorated as of the date of such notice.

ARTICLE 8

MAINTENANCE AND REPAIR RESPONSIBILITIES; HAZARD INSURANCE

8.1 Exterior Maintenance.

(a) By Owners. Other than as specifically set forth in this paragraph 8.1 as an obligation of the Association, each Owner shall be responsible for maintaining such Owner's Lot, the exterior of the Residence located thereon and the exterior of all other improvements located thereon in a neat and attractive manner in accordance with the architectural and decorative scheme of the Townhome Residence Building in which it is located, subject to the provisions of Section 10.1 herein. Each Owners'

maintenance obligations shall include, but shall not be limited to, replacing all broken glass on the exterior of such Residence. Until Class B Membership ceases to exist, no Owner or any other party may install any grass or landscaping on any Lot; provided, however, that after Class B membership in the Association ceases to exist, if an Owner seeks and obtains the approval of the ARB (as hereinafter defined) to install and maintain additional landscaping on such Owner's Lot, then the Owner obtaining such approval shall be required to maintain such additional landscaping on such Owner's Lot at such Owner's sole cost and expense.

(b) By the Association. The Association shall maintain the exterior surfaces of all of the Townhome Residential Buildings and the grass, irrigation and landscaped areas from time to time located on all Lots in a neat and attractive manner, as determined in the exercise of the Board of Directors' reasonable discretion. Notwithstanding the foregoing, to the extent that any Owner, or any of such owner's agents, employees, guests, invitees or licensees, causes damage to any improvement for which the Association is obligated to maintain, repair and/or replace, then any cost incurred by the Association to maintain, repair or replace such damaged improvements shall be charged to such Owner as an Individual Assessment.

8.2 Interior Maintenance. Each Owner shall be responsible for maintaining the interior of such Owner's Residence in a neat and sanitary manner. Other than for providing termite control service to each of the Residences located on the Property, the Association shall not be in any way responsible for any such interior maintenance, nor shall the Association be responsible for the maintenance of any of such Owner's electrical, plumbing, HVAC or any other mechanical systems or for any other maintenance obligations other than for the maintenance obligations specifically allocated to the Association in this Declaration. Notwithstanding anything in this Declaration to the contrary, each Owner shall be responsible for the condition of and the maintenance of such Owner's Lot, Residence and any and all other improvements from time to time located on such Owner's Lot other than to the extent any of such maintenance obligations are specifically allocated to the Association in this Declaration.

8.3 Hazard Insurance on Townhome Residential Buildings. In addition to any and all other insurance which the Association may elect to obtain, the Association shall maintain hazard insurance on the Townhome Residential Buildings in such amounts and with such companies as the Association may determine in its reasonable discretion. The costs associated with such hazard insurance shall be included in the operating budget established by the Association in accordance with this Declaration. Notwithstanding the foregoing or anything else in this Declaration to the contrary, each Owner, and any tenant of any such Owner, shall be solely responsible for obtaining (i) such liability insurance as may be necessary to protect such owner or tenant (as the case may be) against claims typically covered by liability insurance and (ii) such other insurance as may be necessary to insure such Owner's or such tenant's personal property, as the case may be.

ARTICLE 9

PROPERTY RIGHTS IN COMMON AREAS; OTHER EASEMENTS

9.1 Member Easements. Each Member, and every tenant, agent and invitee of such Member, shall have a nonexclusive permanent and perpetual easement over and upon the Common Area for the use and enjoyment thereof in common with all other such Members, their tenants, agents and invitees, subject to the following:

(a) The right and duty of the Association to levy Assessments against each Lot for the purpose of maintaining the Common Area, Pool Area, and other common facilities in compliance with the provisions of this Declaration and the governing documents of the Association;

(b) The right of the Association to suspend the Member's and/or Owner's voting rights for any period during which any Assessment against his Lot remains unpaid, and for any infraction of the provisions of this Declaration or the Association's Rules and Regulations; and

(c) The right of the Association to adopt at any time and from time to time and enforce Rules and Regulations governing the use of the Common Area and all facilities at any time situated thereon, including, but not limited to, the Pool Area. Any Rule and/or Regulation so adopted shall apply until rescinded or modified as if originally set forth at length in this Declaration.

9.2 Utility Easements. The Association shall have the right to grant permits, licenses, and easements over the Common Area within the Property for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property. In addition, easements over, upon, under, through and across the Common Area within the Property are reserved to the Association and the Declarant, and may be declared or granted from time to time by the Declarant during any period that the Declarant shall own at least one (1) Lot, for such further utility, egress, ingress, or drainage easements over and across the Property as may be required from time to time to serve any other or additional lands during the course of development of same, whether such additional lands become subject to the jurisdiction of the Association and part of the Property or not. Any such easement declared by the Declarant, shall not require the joinder of the Association or any Lot Owner or Lot Owner's mortgagee.

9.3 Drainage Easements. Drainage Easements have been declared and reserved on the Plat, are part of the Master Common Area, and shall be maintained by the Master Association. Alteration, obstruction or removal of any drainage swales or drainage control facilities or structures other than by or on behalf of the Declarant and/or the Master Association is expressly prohibited. The Master Association may repair, replace and maintain such drainage swales, facilities and structures as it deems necessary and/or desirable in accordance with the terms of the Master Declaration. Further, no Owner shall place, erect or construct any improvements or otherwise permit

anything to occur within any Drainage Easement area which would in any way affect said drainage easement or any swale, pipe or drainage control facility or structure located therein or thereon, unless, in the event of construction of any improvements, such improvements have been approved by the Master Association.

9.4 Conservation Easements. Declarant reserves the right to grant conservation easements and development rights to qualified grantees, including without limitation, Orange County, Florida, and/or the applicable Water Management District having jurisdiction, over, upon and across the Common Area and the Master Common Area located within the Property. There shall be no construction, clearing or grading in any area which is encumbered by a conservation easement, without approval from applicable governmental entities.

9.5 Easements for Construction, Maintenance and Performance of Obligations. Each Owner hereby grants to the Association, the Declarant, each Owner of the Lots immediately abutting the granting Owner's Lot, and all of their respective successors, assigns, employees, agents, contractors and subcontractors, a non-extensive easement on the granting Owner's Lot and within such granting Owner's Residence to the extent reasonably necessary for the purpose of constructing, maintaining, repairing and replacing any improvements from time to time located on or to be constructed on any Lot abutting such Owner's Lot. In addition, each Owner hereby grants to the Association and the Association's successors, assigns, employees, agents, contractors and subcontractors, a non-exclusive easement on the granting Owner's Lot and within such granting Owner's Residence to the extent reasonably necessary for the purpose of allowing the Association to perform any and all of the Association's rights and/or obligations arising under this Declaration or elsewhere, including, but not limited to, the Association's maintenance, repair and replacement obligations such as lawn, landscaping and irrigation maintenance, repair, and replacement obligations, the Association's right to perform emergency repairs and the Association's obligations regarding the Common Roofs and Party Walls.

9.6 Declarant Offices. Notwithstanding anything in this Declaration to the contrary, the Declarant shall have the specific right to maintain (or have its designees maintain) upon any portion of the Property, sales, administrative, construction or other offices without charge, and appropriate easements of access and use are expressly reserved unto the Declarant and its successors, assigns, employees and contractors, for this purpose.

9.7 Additional Easements. Each Lot shall be subject to all easements as shown on the Plat.

ARTICLE 10

CERTAIN RULES AND REGULATIONS

10.1 Rules and Regulations. The Property shall be subject to the following Rules and Regulations as well as such rules and regulations as may be set forth or

created under the Master Declaration and such other Rules and Regulations promulgated by the Board of Directors from time to time:

(a) Land Use and Building Type. No Lot nor any building constructed thereon shall be used except for residential purposes. No short term rentals, defined as rentals for less than six (6) months, shall be permitted. No business, commercial, industrial, trade, professional or other nonresidential activity or use of any nature or kind shall be conducted on any Lot. No building shall be erected, altered, placed or permitted to remain on any Lot other than one Residence. Notwithstanding the foregoing, uses by Declarant (and its designees) for model homes, sales displays, parking lots, sales offices, construction offices and other offices, or any one or combination of such uses, shall be permitted. No changes may be made in the interior structural elements or the exterior of the Townhome Residence Buildings (except if such changes are made by the Declarant) without the consent of the Architectural Review Board as provided herein.

(b) Opening Walls; Removing Walls or Landscaping. No Owner shall make or permit any opening to be made in any Declarant or Association-erected wall, except as such opening is installed by Declarant or the Association. No such wall shall be demolished or removed without the prior written consent of the Declarant and the Architectural Review Board. Declarant shall have the right but shall not be obligated to assign all or any portion of its rights and privileges under this Section to the Association.

(c) Easements. Easements for installation, replacement, connection to, disconnection from, and maintenance of utilities are reserved as shown on the Plat and as provided herein. Within these easements, no structure, planting or other material may be placed or permitted to remain that will interfere with or prevent the maintenance of utilities, unless said structure, planting or other material has been so placed by the Declarant or the Association or has been so placed with the permission of the Architectural Review Board. The area of each Lot covered by an easement and all improvements in the area shall be maintained continuously by the Owner of the Lot, except as provided herein to the contrary and except for installations for which a public authority or utility company is responsible. The appropriate water and sewer authority, electric and gas utility company, telephone company, cable company the Association, and Declarant and their respective successors and assigns, shall have a perpetual non-exclusive easement for the installation, replacement, connection to, disconnection from, and maintenance, all underground, of water lines, sanitary sewers, storm drains, gas and electric, telephone and security lines, cables and conduits, under and through the utility and drainage easements, as the case may be, as shown on the Plat. Declarant and its designees, successors and assigns, shall have a perpetual easement for the installation and maintenance of cable, radio, television and security lines within utility easement areas shown on the Plat. All utility lines within the Property, whether in street rights-of-way or utility easements, shall be installed and maintained underground.

(d) Architectural Control. No building, addition, exterior modification or other structure, structural change or improvement of any nature or kind (including without limitation mailboxes and/or cluster mailboxes, landscaping and exterior paint

and finish) shall be erected, placed or altered on any Lot until the construction plans and specifications and a plan showing the location of the structure and any landscaping, or composition of the materials used therefor, as may be required by the Architectural Review Board (sometimes referred to herein as the "ARB") have been approved in writing by the Architectural Review Board named below and all necessary governmental permits are obtained. Each building, addition, exterior modification, mailbox, cluster mailbox, or other structure, structural change or improvement of any nature, together with any landscaping, shall be erected, placed or altered upon the premises only in accordance with the plans and specifications and plot plan so approved and with the applicable governmental permits and requirements. The Architectural Review Board shall have the right, in its sole and absolute discretion, to refuse approval of plans, specifications and plot plans, or any of them, based on any ground, including purely aesthetic grounds. Any change in the exterior appearance of any building, mailbox, cluster mailbox, or other structure or improvements, and any change in the appearance of landscaping, shall be deemed an alteration requiring approval. The Architectural Review Board shall have the power to promulgate such rules and regulations as it deems necessary to carry out the provisions and intent of this Section.

(i) So long as the Declarant owns at least one (1) Lot within the Property, the ARB shall be appointed by the Declarant. Thereafter, the Architectural Review Board shall be a committee composed of or appointed by the Board of Directors of the Association. During the period in which the Declarant appoints the membership of the ARB, the ARB shall have three (3) members. At such time as the Board of Directors appoints the ARB members, the ARB shall have any number of members as deemed appropriate by the Board of Directors. Notwithstanding anything in this Declaration to the contrary, all members of the ARB shall be Owners of Lots within the Property or their designees.

(ii) The address of the Architectural Review Board shall be the address of the Declarant or the Association, depending on which party appoints its membership. The Board of Directors of the Association and the ARB may employ personnel and consultants to assist the ARB. The members of the ARB shall not be entitled to any compensation for services performed pursuant to this Declaration. The Architectural Review Board shall act on submissions to it, or request further information thereon, within thirty (30) days after receipt of the same (and all further documentation required) or else the request shall be deemed approved.

(iii) Notwithstanding anything in this Declaration to the contrary, the provisions of this Declaration regarding ARB approval shall not be applicable to the Declarant or to construction activities conducted by or on behalf of the Declarant.

(iv) Notwithstanding anything herein to the contrary, the ARB, in its sole and absolute discretion, may grant a variance as to any of the restrictions, conditions and requirements set forth in this Article so long as, in the judgment of the ARB, the noncompliance for which the variance is granted is not of a substantial nature and the granting of the variance shall not unreasonably detract from the use and enjoyment of adjoining Lots and the Property. In no event shall the granting of a

variance in one instance require the ARB to grant a similar or other type of variance in any other instance, it being understood that the granting of variances from the restrictions, conditions and requirements of this Article shall be in the sole and absolute discretion of the ARB.

(v) Notwithstanding anything herein to the contrary, prior to commencing construction of improvements approved by the ARB, the Owner of the Lot upon which such improvements shall be installed shall obtain any and all appropriate governmental permits and approvals and shall construct the improvements in compliance with all terms and conditions of such permits and approvals.

(vi) In addition to review by the ARB for matters covered by this Section 10.1(h), each Owner may also be required to have any modifications or improvements reviewed and approved by the Architectural Review Board established under the Master Declaration. It is the responsibility of each Owner to insure that all appropriate approvals have been obtained.

(vii) The Declarant, the members of the Architectural Review Board and any and all officers, directors, employees, agents and Members of the Association shall not, either jointly or severally, be liable or accountable in damages or otherwise to any Owner or other person or party whomsoever, by reason of or on account of any decision, approval or disapproval of any plans, specifications or other materials required to be submitted for review and approval pursuant to provisions of this Section of this Declaration, or for any mistake in judgment, negligence, misfeasance, or nonfeasance related to or in connection with any such decision, approval or disapproval, and each Owner by acquiring title to any Lot or interest therein, shall be deemed to have agreed that he or it shall not be entitled to and shall not bring any action, proceeding or suit against such parties.

(e) Exterior Appearances. The paint, coating, stain and other exterior finishing colors on all Residences shall be maintained by the Association. The color of such paint, coating, stain or other exterior finishing, and the frequency of painting the exterior of the Residences, shall be determined by the Board of Directors in such Board of Directors' reasonable discretion.

(f) Garbage and Trash Disposal. No garbage, refuse, trash or rubbish shall be deposited except as permitted by the Association. The requirements from time to time of the applicable governmental authority for disposal or collection of waste shall be complied with. All garbage and trash containers shall be kept within the Residences until disposed of within the dumpster(s) to be provided by the Association.

(g) Fences and Walls. Notwithstanding anything herein to the contrary, no fence, wall or other similar structure shall be erected on any Lot. This provision shall not apply to the Declarant.

(h) Mailboxes. No mailboxes (including without limitation cluster mailboxes) or similar improvement shall be installed on any Lot unless the location thereof has been approved by the ARB and the materials therefor and color thereof have been approved by the ARB, and are in accordance with such standards for materials and colors as may be adopted by the ARB.

(i) No Drying. To the extent lawful, no clothing, laundry or wash shall be aired or dried on any portion of the Property which is visible from the adjacent Lots, or the streets, or any other adjoining portion of the Property.

(j) Residence. Each Residence constructed on a Lot shall have a minimum of 1,200 square feet of heated and cooled living area.

(k) Precedence Over Less Stringent Governmental Regulations. In those instances where the covenants, conditions and restrictions set forth in this Article set or establish minimum standards in excess of the ordinances, regulations and requirements of Orange County, Florida, and other applicable government authorities, including without limitation, building and zoning regulations, the covenants, conditions and restrictions set forth in this Article shall take precedence and prevail over any such less stringent ordinances, regulations and requirements.

(l) Destruction. In the event of the destruction of all or any portion of a Residence on any Lot, the Owner of the Lot shall, within ninety (90) days, restore the single family dwelling unit to its former condition. The Association's board of directors, in the exercise of its sole and absolute discretion, may extend the time frame within which such restoration work must be completed. The Association shall make available to such Owner any insurance proceeds received by the Association related to such damage for such reconstruction under such conditions as the Association may determine to be appropriate.

(m) Increase in Insurance; Nuisance. No Owner shall permit or suffer anything to be done or kept on his Lot (or single family residential dwelling unit thereon) which could increase the rate of insurance on any Common Area or payable by the Association or any other Owner, or which could prevent the Association or any other Owner from obtaining such insurance, or which could annoy any other Owner by unreasonable noises or otherwise. Further, no Lot Owner shall commit or permit any nuisance, or immoral or illegal acts in or on any portion of the Property.

(n) Additional Rules and Regulations. In addition to the foregoing, the Association's board of directors shall have the right power and authority, subject to the prior written consent and approval of Declarant, so long as Declarant owns any Lot within the Property, to promulgate and impose additional Rules and Regulations governing and/or restricting the use of all the property and lots in its jurisdiction, and to thereafter change, modify, alter, amend, rescind and augment any of the same; provided, however, that no Rules and/or Regulations so promulgated shall be in conflict with the provisions of this Declaration, the Master Declaration, or any rules and regulations promulgated by the Master Association.

10.2 Additional Rules by ARB. In addition to the foregoing, the ARB shall have the right, power and authority, subject to the prior written consent and approval of Declarant, to promulgate and impose rules and regulations governing and/or restricting the use of all the Property and Lots in its jurisdiction including without limitation rules and regulations relating to the placement or installation of any type of improvement on any Lot, and to thereafter change, modify, alter, amend, rescind and augment any of the same; provided, however, that no rules and regulations so promulgated shall be in conflict with the provisions of this Declaration. Any such rules and regulations so promulgated by the ARB shall be applicable to and binding upon all the Property and the Owners thereof and their successors and assigns, as well as all guests and invitees of and all parties claiming by, through or under such Owners. Notwithstanding the foregoing, the ARB shall not be entitled to promulgate any rules and regulations that are less restrictive than or contrary to any restriction or regulation set forth in the Master Declaration or that have been promulgated by the Architectural Review Board created and operated under the Master Declaration.

10.3 Conflict. In the event that any of the Rules and Regulations conflict with any provisions of (a) the Master Declaration, (b) any rules and/or regulations promulgated by the Master Association, or (c) the architectural review board of the Master Association, then the Association, or the ARB, as applicable, shall modify the Rules and Regulations such that no conflict exists. Should the Association and/or the ARB fail to do so, Owners shall not be obligated to abide by the conflicting Association or ARB rule.

ARTICLE 11

ENFORCEMENT

11.1 Compliance by Owners. Every Owner shall comply with the terms, provisions, restrictions and covenants set forth herein and any and all Rules and Regulations which from time to time may be adopted by the Association or the ARB.

11.2 Enforcement. The Declarant, the Association, the Association Board of Directors, each Owner, or any other party as specifically provided herein shall each have the right (but not the obligation) to enforce this Declaration and the covenants, restrictions and provisions hereof, including without limitation bringing the actions and filing and foreclosing the liens described herein. In addition, the applicable Water Management District having jurisdiction over the Property shall have the right to enforce this Declaration with respect to the operation and maintenance of the stormwater management system for the Property. Enforcement of this Declaration and the covenants, restrictions and provisions hereof may be accomplished by any proceeding at law or in equity, including without limitation, an action for damages and/or injunctive relief. In addition to any other rights permitted at law or in equity, the Association shall have the right to suspend, for a reasonable period of time, the rights of any defaulting Owner or defaulting Owner's tenants, guests, or invitees, or both, to use the Common

Areas, including the Pool Area, and may levy reasonable fines, not to exceed \$100 per violation, against any member or tenant, their guests or invitees. The Association shall follow the procedures set forth in Section 720.305 of the Florida Statutes prior to imposition of any fine permitted by this paragraph. If any such fine is not paid within 10 days of its imposition, the Association shall have the right to lien such Owner's Lot, to foreclose such lien, all as more specifically set forth herein, and shall be entitled to take all other actions as may be more specifically set forth herein, in the Association's Bylaws and as otherwise provided by law or in equity. Failure to enforce any covenant, restriction or provision hereof shall not be deemed a waiver to do so thereafter. The defaulting and/or offending Owner shall be responsible for all costs incurred in enforcement of this Declaration, including but not limited to, attorney, paralegal and legal assistant fees, costs and expenses, related fees, costs and expense, court costs and witness and expert fees and costs, whether suit be brought or not, and whether in settlement, in any declaratory action, at trial or on appeal.

ARTICLE 12

DRAINAGE SYSTEM

The Master Association shall own and shall be responsible for the operation and maintenance of the surface water management system located within the Master Common Area in the Property, as more particularly set forth in the Master Declaration. The provisions of this Article 12 shall not relieve the Owners of any of their obligations set out in this Declaration.

ARTICLE 13

GENERAL PROVISIONS

13.1 Duration; Amendment. The covenants and restrictions of this Declaration shall run with and bind the Property forever. This Declaration may be amended as follows:

(a) By the Declarant (without the consent of any other party whatsoever) to clarify any ambiguities, concerns and/or scrivener's errors; or

(b) By a vote of two thirds (2/3) of all the Lot Owners Entitled to Vote (not 2/3 of all members of the Association). Provided, however, notwithstanding the foregoing, so long as Declarant owns any Lots within the Property, all amendments to the Declaration must be approved and joined in by the Declarant, and if not so approved and joined in by Declarant, the amendments shall be null and void; and

Any amendment to this Declaration must be recorded in the Public Records of Orange County, Florida.

13.2 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, postage prepaid, to the last known address of the

person who appears as a Member or Owner on the records of the Association at the time of such mailing.

13.3 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.

13.4 Effective Date. This Declaration shall become effective upon its recordation in the Public Records of Orange County, Florida.

13.5 Conflict. To the extent legally permissible, this Declaration shall take precedence over conflicting provisions in the Articles of Incorporation and Bylaws of the Association.

13.6 Standards for Consent, Approval, Completion, Other Action and Interpretation. Whenever this Declaration shall require the consent, approval, completion, substantial completion, or other action by the Declarant, the Association or the Architectural Review Board, such consent, approval or action may be withheld in the sole and absolute 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 the ARB shall be deemed completed or substantially completed when so determined, in the discretion of the Declarant or ARB, as appropriate.

13.7 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 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 hereby designate the Declarant and the Association (or either of them) as their lawful attorney in fact to execute any instrument on such Owners' behalf as may hereafter be required or deemed necessary for the purpose of later creating such easement as it was intended to have been created herein. Formal language of grant 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.

13.8 Waivers. So long as Declarant owns any Lot, Declarant may waive any of the obligations (except the obligations to pay Assessments as described hereinabove) which are set forth in this Declaration

13.9 Covenants Running With The Land. ANYTHING TO THE CONTRARY HEREIN NOTWITHSTANDING AND WITHOUT LIMITING THE GENERALITY IT IS THE INTENTION OF ALL PARTIES AFFECTED HEREBY (AND THEIR RESPECTIVE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS) THAT

THESE COVENANTS AND RESTRICTIONS SHALL RUN WITH THE LAND AND WITH TITLE TO THE PROPERTY. IF ANY PROVISION OR APPLICATION OF THIS DECLARATION WOULD PREVENT THIS DECLARATION FROM RUNNING WITH THE LAND AS AFORESAID, SUCH PROVISION AND/OR APPLICATION SHALL BE JUDICIALLY MODIFIED, IF AT ALL POSSIBLE, TO COME AS CLOSE AS POSSIBLE TO THE INTENT OF SUCH PROVISION OR APPLICATION AND THEN BE ENFORCED IN A MANNER WHICH WILL ALLOW THESE COVENANTS AND RESTRICTIONS TO SO RUN WITH THE LAND, BUT IF SUCH PROVISION AND/OR APPLICATION CANNOT BE SO MODIFIED, SUCH PROVISION AND/OR APPLICATION SHALL BE UNENFORCEABLE AND CONSIDERED NULL AND VOID IN ORDER THAT THE PARAMOUNT GOAL OF THE PARTIES AFFECTED HEREBY (THAT THESE COVENANTS AND RESTRICTIONS RUN WITH THE LAND AS AFORESAID) BE ACHIEVED.

13.10 Dissolution of Association. In the event of a permanent dissolution of the Association, (i) all assets of the Association shall be conveyed to a non-profit organization with similar purposes or (ii) all Association assets may be dedicated to Orange County, Florida, or any applicable municipal or other governmental authority to the extent such governmental entity is willing to accept such assets and is willing to assist with the Association's obligations arising hereunder. Said successor non-profit organization or governmental entity shall, pursuant to this Declaration provide for the continued maintenance and upkeep of the Common Area, including without limitation the Pool Area and such other property as may be contemplated herein.

13.11 Turnover. The turnover of the Association by the Declarant shall occur at the times specified in the documents which govern the Association. The turnover meeting shall be conducted in accordance with the most recent revision of Robert's Rules of Order. Notwithstanding the foregoing, however, for as long as the Declarant shall own more than five percent (5%) of the Lots in the Property, it shall have the right to appoint one member of the Board of Directors.

EXECUTED as of the date first above written.

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

Devery B Smith
Print Name: DEVERY B SMITH

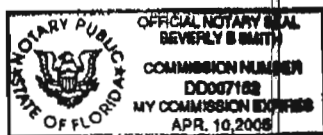
Diane K Heksema
Print Name: DIANE K HEKSEMA

REGIONAL DEVELOPMENT/AVALON
LLC, limited liability company

By *Robert L. Secrist III*
Print Name: Robert L. Secrist III
Its: A Manager

STATE OF FLORIDA
COUNTY OF ORANGE

The foregoing instrument was acknowledged before me this 3rd day of August, 2004, by Robert L. Secret III, as the Manager of Regional Development/Valon, LLC a limited liability company, on behalf of the corporation. He (She) is personally known to me or has produced _____ as identification.



Beverly B. Smith

Notary Public Signature

Printed Name: _____

Commission no.: _____

My Commission Expires: _____

EXHIBIT "A"

**LEGAL DESCRIPTION
AVALON LAKES PHASE 3, VILLAGES A & B**

A PARCEL OF LAND LYING IN SECTIONS 30 AND 31, TOWNSHIP 22 SOUTH, RANGE 32 EAST, ORANGE COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH 1/4 CORNER OF SECTION 30, TOWNSHIP 22 SOUTH, RANGE 32 EAST, ORANGE COUNTY, FLORIDA, RUN N89104'55"E, ALONG THE SOUTH LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 30, A DISTANCE OF 208.54 FEET FOR A POINT OF BEGINNING; THENCE DEPARTING SAID SOUTH LINE, RUN N01113'04"W, A DISTANCE OF 608.53 FEET TO THE WEST RIGHT-OF-WAY LINE OF AVALON PARK BOULEVARD, AS RECORDED IN OFFICIAL RECORDS BOOK 6389, PAGE 5234, PUBLIC RECORDS OF ORANGE COUNTY, FLORIDA; SAID POINT ALSO BEING ON A CURVE, CONCAVE SOUTHWESTERLY HAVING A CENTRAL ANGLE OF 42106'31" AND A RADIUS OF 2450.00 FEET; THENCE FROM A TANGENT BEARING OF S42131'48"E, RUN SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 1800.58 FEET TO THE POINT OF TANGENCY; THENCE S00125'18"E, A DISTANCE OF 159.37 FEET TO A POINT ON THE NORTH LINE OF TRACT M, AVALON LAKES PHASE 1, VILLAGES I & J, AS RECORDED IN PLAT BOOK 51, PAGES 128-134, PUBLIC RECORDS OF ORANGE COUNTY, FLORIDA; THENCE DEPARTING SAID WEST RIGHT-OF-WAY LINE, RUN THE FOLLOWING COURSES AND DISTANCES ALONG THE NORTH AND WEST LINES OF SAID TRACT M; THENCE S89134'42"W, A DISTANCE OF 22.91 FEET; THENCE S21103'23"W, A DISTANCE OF 794.20 FEET; THENCE DEPARTING SAID NORTH AND WEST LINES, RUN N68156'37"W, A DISTANCE OF 50.00 FEET; THENCE S21103'23"W, A DISTANCE OF 10.00 FEET; THENCE N68156'37"W, A DISTANCE OF 510.00 FEET; THENCE S21103'23"W, A DISTANCE OF 37.78 FEET TO THE POINT OF CURVATURE OF A CURVE, CONCAVE NORTHWESTERLY HAVING A CENTRAL ANGLE OF 02132'11" AND A RADIUS OF 1230.00 FEET; THENCE RUN SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 54.45 FEET TO A POINT ON THE NORTHERLY LINE OF CROWN HILL BOULEVARD, AS RECORDED IN PLAT BOOK 55, PAGES 68-73, PUBLIC RECORDS OF ORANGE COUNTY, FLORIDA; THENCE RUN N66124'26"W, ALONG SAID NORTHERLY LINE, A DISTANCE OF 60.00 FEET TO A POINT ON THE EASTERLY LINE OF TRACT H, AVALON LAKES PHASE 2 VILLAGES E & H, AS RECORDED IN PLAT BOOK 55, PAGES 68-73, PUBLIC RECORDS OF ORANGE COUNTY, FLORIDA; SAID POINT ALSO BEING ON A CURVE, CONCAVE NORTHWESTERLY HAVING A CENTRAL ANGLE OF 02132'11" AND A RADIUS OF 1170.00 FEET; THENCE FROM A TANGENT BEARING OF N23135'34"E, RUN NORTHEASTERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 51.79 FEET TO THE POINT OF TANGENCY; THENCE N21103'23"E, ALONG SAID EASTERLY LINE AND ITS NORTHERLY EXTENSION, A DISTANCE OF 857.40 FEET; THENCE N68156'37"W, A DISTANCE OF 27.88 FEET; THENCE N00139'09"W, A DISTANCE OF 942.56 FEET TO THE POINT OF BEGINNING.

CONTAINING 28.262 ACRES, MORE OR LESS.

ORLDOCS 10213249.1 BBS Villages A & B