

This Instrument Prepared By and
Should Be Returned To:

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR BROOKEHAVEN AT WATERFORD
ORANGE COUNTY, FLORIDA

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BROOKEHAVEN AT WATERFORD is made on this 28 day of October, 1998, by CENTEX HOMES, a Nevada general partnership, hereinafter referred to as the "Declarant," whose address is 151 Southhall Lane, Suite 230, Maitland, Florida 32751.

WITNESSETH

WHEREAS, the Declarant is the owner of certain real property in Orange County, Florida, described in *Exhibit "A"* attached hereto and incorporated herein by reference, herein referred to as the "Property" or "Village Property"; and

WHEREAS, Declarant desires to create an exclusive planned community known as Brookehaven at Waterford on the land described in *Exhibit "A"* and such other land as may be added thereto pursuant to the terms and provisions of this Declaration; and

WHEREAS, Declarant intends to develop the Property, or portions thereof, by the construction of roads, utilities and drainage facilities for the construction and occupancy of single family detached residential dwellings, single family attached dwellings, multi-family dwellings and other land uses as may be permitted by applicable zoning ordinances; and,

RETURN TO:
GARY SHOWE
DEVELOPMENT ENGINEERING



WHEREAS, Declarant desires to establish a maintenance association which will maintain the property owned by such association and such other property as may be owned by or dedicated to the Master Association hereinafter identified or any governmental entity lying within the rights-of-way or easements owned by or dedicated to such Master Association or governmental entity and serving the residents of the property and not being maintained by the Master Association or governmental entity;

WHEREAS, the land described in *Exhibit "A"* is part of the real property described in that certain instrument titled Master Declaration of Covenants, Conditions and Restrictions for Waterford Chase Village recorded in Book 5256, Page 4645 of the Official Records of Orange County, Florida, and is subject to the covenants, conditions, easements and restrictions therein established; and

WHEREAS, the Declarant desires to create a not-for-profit corporation to be known as Brookehaven at Waterford Homeowners Association, Inc. to own, operate and maintain the Village Common Property herein described for the benefit of the owners of Lots and Units within the Village Properties and for the other purposes herein set forth;

NOW THEREFORE, the Declarant declares that the real property described in attached *Exhibit "A"* shall be held, sold and conveyed subject to the restrictions, covenants and conditions declared below, which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each Lot and other portions of the Village Property in order to maintain within the Village Property a planned community of high standards. Such covenants shall be binding on all parties having any right, title or interest therein or any part thereof, their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE 1

DEFINITIONS

The following words and terms when used in this Village Declaration or any Supplemental Declaration hereto (unless the context shall clearly indicates otherwise) shall have the following meanings:

Section 1.1. "Area of Common Responsibility" shall mean the Master Common Property, Village Common Property, together with those areas, if any, which by the terms of this Village Declaration or by contract or agreement with any other Village Association or the Master Association for portions of Waterford Chase Village which are not annexed to this Village Declaration, or governmental agency become the responsibility of the Village Association.

Section 1.2. "Architectural Review Committee - Master" or "ARC-M" shall refer to the committee established by the Board of Directors of the Master Association described in Article 8 of the Master Declaration.

Section 1.3. "Architectural Review Committee - Village" or "ARC-V" shall refer to any committee established by a Village Association for the purpose set forth in Article 8 of this Village Declaration.

Section 1.4. "Articles" and "Bylaws" shall mean the Articles of Incorporation and the Bylaws of the Village Association as they may exist from time to time.

Section 1.5. "Board" or "Village Board" shall mean the Board of Directors of the Village Association, appointed or elected in accordance with the Bylaws of the Village Association.

Section 1.6. "Builder" shall mean any purchaser of one or more Lots from Declarant for the construction and resale of Units.

Section 1.7. "Village Common Expenses" shall mean the actual and estimated expenditures, including reasonable reserves, for maintenance, operation and other services required or authorized to be performed by the Village Association with respect to Areas of Common Responsibility, Village Common Property, Open Spaces, Surface Water and Storm Water Management Systems, Lakes or Public Areas, all as may be found to be reasonably necessary by the Village Board pursuant to this Village Declaration, the Bylaws, and the Articles of Incorporation of the Village Association.

Section 1.8. "Master Common Area" or "Master Common Property" shall mean and refer to those tracts of land, together with any improvements thereon, which are actually and specifically dedicated by plat, deeded or leased to the Master Association for the use and enjoyment of all Owners of Lots or Units, as herein defined, and designated in said plat dedication, deed or lease as "Common Property" or "Common Area". References in this Village Declaration to Master Common Property or Master Common Area shall be deemed to include any lands identified as Exclusive Common Property, or Exclusive Common Area, as herein defined, unless otherwise indicated. The term "Master Common Property" shall also include any personal property acquired by the Master Association for the use and benefit of the Members. Master Common Property is specifically reserved for the use and benefit of all Owners of Lots or Units in the Master Property.

Section 1.9. "Village Common Area" or "Village Common Property" shall mean and refer to those tracts of land, together with any improvements thereon, which are actually and specifically dedicated by plat, deeded or leased to the Village Association for the use and

enjoyment of all Owners of Lots or Units, as herein defined, and designated in said plat dedication, deed or lease as "Common Property" or "Common Area". References in this Village Declaration to Village Common Property or Village Common Area shall be deemed to include any lands identified as Exclusive Common Property, or Exclusive Common Area, as herein defined, unless otherwise indicated. The term "Village Common Property" shall also include any personal property acquired by the Village Association for the use and benefit of the Members. Village Common Property is specifically reserved for the use and benefit of all Owners of Lots or Units in the Village Property.

Section 1.10. "Declarant" shall mean Centex Homes, a Nevada general partnership, and its successors and assigns who take title to any portion of the Village Properties for the purpose of development and sale and are designated as the Declarant hereunder in a recorded instrument executed by the immediately preceding Declarant.

Section 1.11. "Master Declaration" shall mean and refer to the Master Declaration of Covenants Conditions and Restrictions of Waterford Chase Village recorded in Book 5256, Page 4645 of the Official Records of Orange County, Florida, as it may be amended or supplemented from time to time.

Section 1.12. "Village Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Brookehaven at Waterford, as it may be amended or supplemented from time to time.

Section 1.13. "Exclusive Common Area" shall mean certain portions of the Village Common Area which are for the exclusive use and benefit of one or more, but less than all, Villages; provided, however, all Recreation Parcels, Parks, and Lakes which have been dedicated as Master Common Property shall be available for use by all Members of the Master Association and shall not be designated as Exclusive Common Areas. All costs incurred by the Master Association for the maintenance, repair, replacement, and insurance of Exclusive Common Areas shall be assessed against the Owners of Units in only those Villages which are benefitted thereby as a Village Assessment, as defined herein. Initially, any Exclusive Common Areas shall be designated as such and the exclusive use thereof shall be assigned in the deed conveying the Exclusive Common Area to the Master Association or Village Association. Except as set forth above with respect to Recreation Parcels, Parks, and Lakes, any portion of the Master Common Area may be assigned as Exclusive Common Area of a particular Village or Villages and Exclusive Common Areas may be reassigned upon the vote of a majority of the total Master Association vote, including a majority of the votes within the Village(s) to which they are assigned.

Section 1.14. "Institutional Lender" shall mean and refer to the owner and holder of a Mortgage encumbering a Unit or Lot, which owner and holder of said Mortgage

may be a bank, savings bank, mortgage company, life insurance company, federal or state savings and loan association, an agency of the United States government, private or public pension fund, Veteran's Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, a credit union, real estate or mortgage investment trust or a lender generally recognized in the community as an institutional lender.

Section 1.15. "Lakes" shall mean natural or manmade water bodies identified as Lakes on the Master Plan of Waterford Chase Village, as amended from time to time. The Lakes shall be subject to the Surface Water and Storm Water Management System.

Section 1.16. "Lot" or "Lots" shall mean any parcel of land shown upon any recorded subdivision map or plat of the Village Properties upon which in the future will be located an attached or detached single-family residential dwelling.

Section 1.17. "Master Association" shall mean and refer to the Waterford Chase Village Master Community Association, Inc., a Florida not-for-profit corporation created for the purposes set forth herein.

Section 1.18. "Master Plan" shall mean the plan of development for Waterford Chase Village reflected in Exhibit "C" attached to the Master Declaration and as amended from time to time in accordance with approvals obtained from Orange County, Florida.

Section 1.19. "Member" shall mean and refer to all those persons or entities who are members of the Village Association as provided in Article 3 hereof.

Section 1.20. "Mortgage" shall mean a permanent or construction mortgage, a deed of trust, a deed to secure debt, or any other form of security deed, including any collateral security documents executed in connection therewith.

Section 1.21. "Mortgagee" shall mean a beneficiary or holder of a Mortgage.

Section 1.22. "Village" shall mean each separately developed and denominated residential area within the Master Property which is represented in the Master Association by a village association.

Section 1.23. "Village Association" shall mean and refer to Brookehaven at Waterford Homeowners Association, Inc., a Florida not-for-profit corporation.

Section 1.24. "Village Expenses" shall mean the actual and estimated expenses incurred by the Village Association for the benefit of Owners of Units within the Village, which may include a reasonable reserve for capital repairs and replacements, all as may be

specifically authorized from time to time by the Village Board and as more particularly authorized herein.

Section 1.25. "Village Representative" shall mean the elected officer from each Village Association who shall be the person authorized by the Village Association to cast all votes attributable to Units in the Village pursuant to Article 3.

Section 1.26. "Notice" shall mean delivery of any document by mail with postage prepaid to the last known address according to the records of the Village Association of the person or entity who appears as Owner in the records of the Village Association. If available from the records of the Village Association, notices to an Owner will be sent to a tenant of Owner occupying the Unit. Notice to one of two or more co-owners shall constitute notice to all Owners.

Section 1.27. "Open Space" shall mean an exterior open area from the ground upward devoid of residential and commercial buildings, accessory structures and impervious areas; except however, those buildings and structures or areas used exclusively for recreational purposes may be included in the Open Space.

Section 1.28. "Owner" shall mean and refer to the owner as shown by the records of the Village Association (whether it be the Declarant, one or more persons, firms or legal entities) of fee simple title to any Lot or Unit located within the Village Properties. Owner shall not mean or refer to the holder of a Mortgage or security deed, its successors or assigns, unless and until such holder has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.

Section 1.29. "Parks" shall mean lands so designated on the Master Plan, which lands may or may not be further designated as Common Property or as Village Common Property.

Section 1.30. "Plat" shall mean and refer to the recorded plat of the Village Properties.

Section 1.31. "Master Properties" or "Master Property" shall mean and include all that certain real property located in Orange County, Florida, more particularly described in the Master Declaration.

Section 1.32. "Village Properties" or "Village Property" or "Property" shall mean and include all that certain real property located in Orange County, Florida, more particularly described in Exhibit "A."

Section 1.33. "Public Areas" shall mean all lands owned by the State of Florida, Orange County, Florida, any city, district or municipality which, to the extent allowed by governmental authority, are to be maintained by the Master Association or the Village Association.

Section 1.34. "Recreation Parcels" shall mean those parcels of Master Common Areas which are shown as recreational areas on the Master Plan. The Recreation Parcels shall be owned by the Master Association and shall be used for the common benefit and enjoyment of the members of the Master Association, their invitees and guests and shall not be open to the general public.

Section 1.35. "Supplemental Declaration" shall mean any supplement, amendment or modification of this Village Declaration.

Section 1.36. "Surface Water and Storm Water Management System" shall mean and refer to a system contained in the Open Space consisting of swales, inlets, culverts, retention ponds, detention ponds, lakes, outfalls, storm drains and the like, and all connecting pipes and easements, which is designed and 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 otherwise affect a quantity and quality of discharges from the system, as permitted pursuant to Chapters 40C-4, 40C-40, or 40C-42, Florida Administrative Code.

Section 1.37. [reserved]

Section 1.38. "Unit" shall mean a portion of the Village Properties, whether developed or undeveloped, intended for development, use and occupancy as a detached residence for a single family, and shall, unless otherwise specified, include within its meaning (by way of illustration but not limitation) single-family detached houses on separately platted Lots, as well as vacant land intended for development as such, all as may be developed, used, and defined as herein provided or as provided in Supplemental Declarations covering all or part of the Village Properties. The term shall include all portions of the Lot owned including any structure thereon. In the case of a parcel of vacant land or land in which improvements are under construction, the parcels shall be deemed to contain the numbers of Units designated for such parcel on the Master Plan or site plan approved by Declarant, whichever is more recent, until such time as a certificate of occupancy is issued on all or a portion thereof by a local government entity having jurisdiction, after which the portion designated in the certificate of occupancy shall constitute a separate Unit or Units as determined above, and the number of Units in the remaining land, if any, shall continue to be determined in accordance with this paragraph.

Section 1.39. "Voting Member" shall mean the Class A Members, the Declarant as to votes allocated to the Class B member, any Builder as to votes allocated to a Class C member.

Section 1.39. "Waterford Chase Village" shall mean the property described in Exhibit "A" of the Master Association and other lands annexed thereto.

ARTICLE 2

PROPERTY SUBJECT TO VILLAGE DECLARATION

Section 2.1. "Property Subject to this Village Declaration. From and after the time that this Village Declaration is recorded in the Public Records of Orange County, Florida, the Village Property shall be subject to the terms and conditions of this Village Declaration. The Village Property shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions contained in this Village Declaration, which shall run with the land and be binding on all parties having any right, title or interest in the Village Property or any part thereof, their heirs, successors or assigns and shall inure to the benefit of each owner thereof.

Section 2.2. "Annexation.

2.2.1. Within the period beginning with the date this Village Declaration is recorded in the Public Records of Orange County, Florida and ending either (a) seven (7) years thereafter, or (b) five (5) years from the date of recording of the last recorded Supplemental Declaration annexing additional land to this Village Declaration, whichever event, (a) or (b), occurs later, the Declarant may, without the consent or joinder of the Owners or any other person or entity, annex additional real property (including Common Property) to the Village Properties. Annexations under this Subsection 2.2.1 shall be accomplished by filing a Supplemental Declaration describing the real property to be annexed (or withdrawn pursuant to Section 2.3 of this Article 2, as the case may be), and shall become effective when such Supplemental Declaration is filed among the Public Records of Orange County, Florida, unless otherwise provided therein. Declarant shall have the unilateral right to transfer to any other person or entity the right, privilege, and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the Properties and that such transfer is memorialized in a written, recorded instrument executed by the Declarant.

2.2.2. Subject to the consent of the owner thereof, the Village Association may annex real property to the provisions of this Village Declaration and the jurisdiction of the

Village Association. Such annexation shall require the affirmative vote of Voting Members representing two-thirds (2/3) of the votes of each class of Members of the Village Association. The annexation of land under this Subsection 2.2.2 shall be accomplished by the recordation in the Public Records of Orange County, Florida, of a Supplemental Declaration describing the property being annexed and signed by the President and Secretary of the Village Association and by the owner of the property being annexed. Any such annexation shall be effective upon filing unless otherwise provided therein.

2.2.3. No provision of this Village Declaration shall be construed to require Declarant or any other person or entity to annex any real property to this Village Declaration.

2.2.4. The Declarant intends to develop the Village Properties and its adjoining lands in accordance with the Master Plan, but hereby reserves the right to modify the Master Plan (with respect to the Village Properties and other lands included in the Master Plan) from time to time in its sole discretion and at its option but always in accordance with applicable regulatory requirements. The Declarant shall not be required to follow any predetermined order of improvement and development within the Master Plan or Village Properties; and it may annex additional lands and develop them before completing the development of the Village Properties.

2.2.5. Covenants and restrictions applicable to annexations to the Village Properties shall be compatible with, but need not be identical to, the covenants and restrictions set forth in this Village Declaration.

2.2.6. In the event that either the Federal Housing Administration or the Department of Veterans Affairs insures or guarantees any mortgage encumbering a Lot, and the regulations or procedures of such agency require under such circumstances approval of annexations by such agency or determination by such agency that such annexation is consistent with the general plan of development for the Waterford Chase Village, then such approval or determination as described in Article 15 shall be a prerequisite to such annexation.

Section 2.3. Withdrawal. Within the period beginning with the date this Village Declaration is recorded in the Public Records of Orange County, Florida and ending either (a) seven (7) years thereafter, or (b) five (5) years from the date of recording of the last recorded Supplemental Declaration annexing additional land to this Village Declaration, whichever event (a) or (b) occurs later, the Declarant may, without the consent or joinder of the Owners or any other person or entity, the Declarant may, when necessary or desirable to accommodate changes in the Master Plan, withdraw from the provisions of this Master Declaration any of the Property that continues to be owned by the Declarant, and its

successors or assigns, and which has not been dedicated or designated as Common Property or an Exclusive Common Area. Withdrawals under this Section 2.3 shall be accomplished by filing a Supplemental Declaration describing the real property to be withdrawn and shall become effective when such Supplemental Declaration has been recorded in the Public Records of Orange County, Florida, unless otherwise provided therein.

Section 2.4. Conveyance of Common Areas to the Village Association. When Declarant conveys title to the first Unit within the Village to be conveyed to a Class "A" Member, the Declarant shall be obligated to convey title to all of the Village Common Areas located in such Village to the Village Association (or, at the election of Declarant, to the Master Association) which shall be obligated to accept such conveyance.

ARTICLE 3

CREATION OF ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS

Section 3.1. Creation of Association. Upon execution of this Village Declaration, Declarant shall cause the Village Association to be created by recording the Articles of Incorporation and Bylaws thereof with the Secretary of State of Florida in the forms attached hereto as *Exhibit "B"* and *Exhibit "C,"* respectively, and incorporated herein by reference.

Section 3.2. Membership. Every Owner of a Unit or Lot, and every Builder owning any Unit or Lot, by virtue of the ownership of such Unit or Lot, and the Declarant and its successors and assigns, shall be Members of the Village Association, and by acceptance of a deed or other instrument evidencing an ownership interest, each Owner, Builder and Declarant accepts membership in the Village Association, acknowledges the authority of the Village Association as herein stated, and agrees to abide by and be bound by the provisions of this Village Declaration, the Articles of Incorporation, the Bylaws and other rules and regulations of the Village Association. The term "Member" shall include each person or entity owning any right, title or interest in any Unit or Lot, except persons or entities holding mortgages or other security or trust interests unless such persons or entities also have the right of possession. Tenants or others occupying any Unit who do not have an ownership interest therein shall not be Members for the purposes of this Village Declaration. Membership in the Village Association is appurtenant to, and may not be severed from, the Unit or Lot. The rights and obligations of a Member may not be assigned or delegated except as provided in this Village Declaration, the Articles of Incorporation or Bylaws of the Village Association, and shall automatically pass to the successor-in-interest of any Owner upon conveyance of such Owner's interest in the Lot or Unit. Members shall be responsible for compliance with the terms and conditions of this Village Declaration, the Articles of Incorporation and Bylaws, and rules and regulations of the Village Association by all

occupants, tenants, guests, invitees and family members while residing in or visiting any Unit, Village Common Area or other portion of the Village Property.

Section 3.3. Master Association; Village Associations; and Voting Rights.

3.3.1. In addition to the covenants, conditions and restrictions imposed on the Village Properties by this Village Declaration, each Lot or Unit within the Village Properties is owned, held, used and transferred subject to the covenants, conditions, easements and restrictions contained in the Master Declaration, including without limitation, the obligation of the Owners to pay annual and special assessments imposed on the Lots and Units by the Master Association.

3.3.2. The Master Property will be developed in stages or phases that will be designated as separate Villages for the purposes of the Master Association. Each Lot or Unit subject to the Master Declaration will be situated within a Village. Each Village will contain Lots or Units sharing common facilities and having similar interests. Each Village will be subject to the Master Declaration, and will also be subject to a separate Village Declaration that will, among other things, create a separate Village Association which will be governed by its own separate Articles of Incorporation and Bylaws. The Owner of each Lot or Unit will be a member of a Village Association as well as a Member of this Master Association. The Village Associations will be subordinate to this Master Association and will be responsible for performing the services and obligations imposed on them by the Master Association pursuant to the governing documents.

3.3.3. Each Village Association shall exercise the voting rights established in the Master Declaration on behalf of all Members whose Units or Lots are within the jurisdiction of such Village Association. On all matters requiring the votes of Members as may be described in the Master Declaration, or in the Articles of Incorporation or Bylaws of the Master Association, such votes shall be conducted by the Village Associations. The result of the vote shall be reported to the Master Association by the Village Representative of the Village Association and the total number of votes of each class of membership attributed to the Village Association shall be cast accordingly. Members shall not have the right to cast votes directly with the Master Association, and shall be bound by the outcome of the voting conducted by the Village Associations.

Section 3.4. Voting Rights of Members of the Village Association. Members of the Village Association shall be allocated votes as follows:

Class A. Class A Members shall be all Owners with the exception of the Declarant and any Builders. Each Class A Member shall be entitled to one vote for each Lot or Unit owned.

Class B. The Class B Member shall be the Declarant, or its specifically designated (in writing) successor. The Class B Member shall be allocated three (3) votes for each Lot or Unit owned by it within the Village Property; provided, that the Class B membership shall cease and become converted to Class A membership as set forth in Section 3.7 of this Article 3. Upon conversion to Class A membership, the Declarant shall have one vote for each Unit or Lot owned by it within the Village Property so long as said Unit or Lot is subject to assessment by this Village Association.

Class C. All Builders, as defined herein, shall be Class C Members. Class C Members shall have one (1) vote for each Lot or Unit they own in the Village Property.

Section 3.5. Common Ownership. When any Unit or Lot is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership, or in any other manner of joint or common ownership, or if two or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and it or a copy thereof is filed with the secretary of the Village Association, such Owner shall select one official representative to qualify for voting in the Village Association and shall notify in writing the Secretary of the Village Association of the name of such individual. The vote allocated to any Unit or Lot (including Units or Lots owned by the Declarant or a Builder) may not be divided or cast in any fraction, and the vote of each official representative shall be considered to represent the will of all the Owners of that Lot or Unit. If the Owners fail to designate their official representative, then the Village Association may accept the person asserting the right to vote as the voting Owner until notified to the contrary by the other Owner(s). Upon such notification no affected Owner may vote until the Owner(s) appoint their official representative pursuant to this paragraph.

Section 3.6. Change of Membership.

3.6.1. Change of membership in the Village Association shall be established by recording in the Public Records of Orange County, Florida, a deed or other instrument conveying record fee title to any Lot or Unit, and by the delivery to the Village Association, and to the Master Association, of a copy of such recorded instrument. The Owner designated by such instrument shall, by acceptance of such instrument, become a Member of the Master Association and of the Village Association, and the membership of the prior Owner shall be terminated. In the event that a copy of said instrument is not delivered to the Master Association and to the Village Association, said Owner shall become a Member, but shall not be entitled to voting privileges until delivery of a copy of the conveyance instrument to the Master Association and the Village Association. The foregoing shall not,

however, limit the Village Association's powers or privileges and the new Owner shall be liable for accrued and unpaid fees and assessments attributable to the Lot or Unit acquired.

3.6.2. The interest, if any, of a Member in the funds and assets of the Village Association shall not be assigned, hypothecated or transferred in any manner except as an appurtenance to the Owner's real property. Membership in the Village Association by all Owners shall be compulsory and shall continue, as to each Owner, until such time as such Owner of record transfers or conveys his interest in the real property upon which his membership is based or until said interest is transferred or conveyed by operation of law, at which time the membership shall automatically be conferred upon the transferee. Membership shall be appurtenant to, run with, and shall not be separated from the real property interest upon which membership is based.

Section 3.7. Class B Membership Status.

3.7.1. The Declarant's Class B membership status shall continue, and shall be in effect, during the period from the inception of this Village Declaration until either (1) seven (7) years from the date this Village Declaration is recorded; or (2) five (5) years after the date of recording of the last Supplemental Declaration annexing additional property into this Village Association, whichever event, (1) or (2) occurs later; or (3) upon recording of a voluntary written notice executed by the Declarant or its duly authorized successor or assignee electing to convert its Class B status to Class A; or (4) in any event, one hundred twenty (120) days after the conveyance of the Unit to a Class A Member that causes the total number of votes held by all Class A Members of this Village Association to equal the number of votes in the Village Association held by the Class B Member, whichever event, (1), (2), (3) or (4), occurs first; provided however, that if Class B status is converted to Class A pursuant to clause (4) and, subsequent to such event, the Declarant annexes an additional Lots to the Village Properties which annexation causes the number of Lots or Units owned by the Declarant in the Village Properties to exceed twenty-five percent (25%) of the total number of Lots and Units within the Village Properties, Declarant's Class B status shall be restored as to all Lots and Units within the Village Properties then owned by Declarant, and shall continue until the next occurrence of an event of conversion described above. Notwithstanding the foregoing, the rights, privileges and obligations of Class B status shall prevail within all Village Associations as long as Declarant shall be a Class B Member of this Master Association, even if Declarant owns only one Lot or Unit within such Village Association.

3.7.2. The Declarant shall have the right to partially assign its status as Declarant and Class B Member, by recorded instrument executed by the original Declarant and acknowledged and accepted by the assignee Declarant, to any person or entity acquiring any portion of the Property, or the adjacent land eligible for annexation into the Property,

for the purpose of development of a residential subdivision consistent with the Master Plan, and any such assignee shall thereafter be deemed to be the Declarant as to the Lots or Units owned by such person or entity, and shall have the right to exercise all of the rights and powers of the Declarant as to such Lots and Units, while, at the same time, the original Declarant shall continue to exercise the rights and powers of the Declarant as to all Lots and Units owned by such original Declarant. If any action of the Village Association requires the approval, consent or vote of the Declarant, and the original Declarant has partially assigned its rights as Declarant to others pursuant to this paragraph, the consent or vote of all such Declarants shall be required to satisfy the requirement of consent by the Declarant.

ARTICLE 4

FUNCTIONS OF VILLAGE ASSOCIATION

Section 4.1. Area of Common Responsibility. The Master Association, subject to the rights of the Owners set forth in the Master Declaration, shall be responsible for the exclusive management and control of the Area of Common Responsibility and all improvements thereon (including, without limitation, furnishings and equipment related thereto and common landscaped areas), and shall keep the Area of Common Responsibility in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and any agreement with another association or governmental agency. The Master Association shall have the right to delegate to the Village Association the obligation to manage, control and maintain any portion of the Area of Common Responsibility lying within or adjacent to the Village Properties.

Section 4.2. Personal Property and Real Property for Common Use. The Village Association, through action of its Board, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Village Board, acting on behalf of the Village Association, shall accept any real or personal property, leasehold, or other property interests within the Village Property conveyed to it by the Declarant.

Section 4.3. Services. The Village Association shall have the following powers:

4.3.1. Maintenance of Areas of Common Responsibility, Parks, Lakes, Open Space, Surface Water and Storm Water Management Systems, Recreation Parcels, landscaping, irrigation systems, lands covered by the Master Plan and all city, county, district or municipal properties and rights of way (to the extent permitted by any governmental authority) which are located within or in a reasonable proximity to the Village Properties where deterioration of any of the described items would adversely affect the appearance of

the Properties or the operation of systems appurtenant thereto. The Village Association shall have no primary responsibility to maintain any part of the Surface Water and Storm Water Management System located underground in drainage easement areas or other retention areas that are the primary responsibility of Orange County.

4.3.2. Maintenance of any real property located within the Village Properties upon which the Village Association has accepted an easement for said maintenance.

4.3.3. Maintenance of beaches, lakes and canals owned by or dedicated for the use of the Village Association within the Village Properties, as well as maintenance of water bodies if and to the extent permitted or required by any contract or by any governmental authority having jurisdiction thereof.

4.3.4. Insect, pest and aquatic control where necessary or desirable in the judgment of the Village Board to supplement the service provided by the state and local governments. The provisions of this paragraph shall not be construed as an obligation on the part of Village Association to provide such services.

4.3.5. Taking any and all actions necessary to enforce all covenants, conditions and restrictions affecting the Village Properties and to perform any of the functions or services delegated to the Village Association in any covenants, conditions or restrictions applicable to the Village Property or in the Articles or Bylaws.

4.3.6. Conducting business of the Village Association, including but not limited to administrative services such as legal, accounting and financial, and communication services informing Members of activities, Notice of Meetings, and other important events. The Village Association shall have the right to enter into management agreements with companies affiliated with the Declarant in order to provide its services, and perform its functions.

4.3.7. Establishing and operating the Architectural Review Committee-Village.

4.3.8. Adopting, publishing and enforcing such Rules and Regulations as the Village Board deems necessary provided that such rules and regulations do not conflict with the covenants, conditions or restrictions contained in the Master Declaration or the rules and regulations of the Master Association.

4.3.9. Lighting of roads, sidewalks, walking and bike paths throughout the Village Properties as deemed necessary by the Village Board. The provisions of this paragraph shall not be construed as an obligation on the part of Village Association to

provide such services and such may become the subject of one or more Municipal Service Taxing Units ("MSTUs") as described in Section 15.5 hereof.

4.3.10. At the sole option and discretion of the Village Board, conducting recreation, sport, craft, and cultural programs of interest to Members, their families, tenants and guests and charging admission fees for the operation thereof.

4.3.11. Constructing improvements on the Village Common Property and easements as may be required to provide the services as authorized in this Article.

4.3.12. Employment of guards, maintenance of control centers for the protection of persons and property within the Village Properties, installation, operation and maintenance of communication systems by the Village Association or a contractual designee of the Village Association, and assistance in the apprehension and prosecution of persons who violate the laws of Orange County or the State of Florida within the Village Properties. However, neither the Village Association, nor the Declarant shall be obligated to provide any security measures to the Village Properties nor shall they be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners, tenants, guests, and invitees of any Owner, as applicable, acknowledge that the Master Association, the Declarant, and the Village Association, are not insurers and that each Owner, tenant, guest, and invitee assumes all risk of loss or damage to persons, to Units and to the contents of Units and further acknowledge that Declarant has made no representations or warranties, nor has any Owner, tenant, guest, or invitee relied upon any representations or warranties, express or implied, including any warranty of merchantability or fitness for any particular purpose relative to any security measures recommended or undertaken.

4.3.13. Upon resolution of the Board of Directors of the Master Association as set forth in the Master Declaration, the Village Association shall be responsible for paying, through Village Assessments, costs of maintenance of Exclusive Common Areas associated with such Village Association as well as certain portions of the Master Common Property within or adjacent to such Village Association, which may include, without limitation, buildings and amenities within the Village Association, the costs of maintenance of any right-of-way and green space between the Village Association, regardless of ownership and regardless of the fact that such maintenance may be performed by the Master Association.

4.3.14. The Village Association may also provide exterior maintenance upon any Unit or upon any structure containing Units which, in the reasonable opinion of the Board of Directors of the Village Association, requires such maintenance because said Unit or structure is being maintained in a manner inconsistent with the overall appearance

and standards prevailing within the Village Association. The Village Association shall notify the Owner of said Unit or structure in writing, specifying the nature of the condition to be corrected, and if the Owner has not corrected the condition within fifteen (15) days after date of said notice, the Village Association (after approval of a majority of the Village Board) may correct such condition. Said maintenance shall include but not be limited to painting, repairs, replacement and maintenance of roofs, gutters, down spouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements. For the purpose of performing the exterior maintenance authorized by this Article, the Village Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Unit or exterior of any Unit or other structures or improvements located in the Village Properties at reasonable hours on any day, except Saturday and Sunday; provided, however, the Village Association shall have the right of entry without notice if necessary to correct an emergency situation. The cost of such maintenance shall be assessed against the Unit upon which such maintenance is performed as a Special Assessment as provided in Article 6, Section 6.7.

4.3.15. Establish use fees and promulgate rules and regulations respecting the use of Village Common Property and Village Association facilities by Members and persons other than Members.

4.3.16. Engage in any activities reasonably necessary and legally required to remove from the Areas of Common Responsibility, Village Common Property, Lakes, Surface Water and Storm Water Management System and Open Space any pollutants, hazardous waste or toxic materials, and by Special Assessment, recover costs incurred from the Owner(s) causing or upon whose property such materials were located or generated.

4.3.17. Accept conveyance of all Village Common Areas from the Declarant, including all improvements, structures, equipment, apparatus or personal property thereon, and cooperate with an assist Declarant, its agents, employees and contractors in periodic inspection and maintenance thereof pursuant to Article 12.

The functions and services allowed in this Section to be carried out or offered by the Village Association at any particular time shall be determined by the Village Board taking into consideration proceeds of assessments and the needs of the Members of the Village Association. The functions and services which the Village Association is authorized to carry out or to provide, may be added to or reduced at any time upon the affirmative vote of a majority of the Village Board; provided, however, the Village Board may not vote to reduce or abrogate the Village Association's responsibility to maintain Areas of Common Responsibility. The Village Association may provide the permitted services by contract with third parties, including agreements with applicable governmental agencies.

Section 4.4. Mortgage and Pledge. The Village Board shall have the power and authority (subject to the provisions of Article 5, Subsection 5.9.5 hereof) to mortgage the property of the Village Association and to pledge the revenues of the Village Association as security for loans made to the Village Association which loans shall be used by the Village Association in performing its functions.

Section 4.5. Conveyance to Village Association. The Village Association shall be obligated to accept any and all conveyances to it by Declarant of fee simple title, easements or leases to Open Space, Parks, Lakes, Recreation Parcels, Surface Water and Storm Water Management Systems or Village Common Property.

Section 4.6. Conveyance by Village Association. The Village Association may convey or dedicate lands or easements to Orange County, Florida. The Village Association may also convey lands or easements to the Declarant in connection with any replatting of any portion of the Village Property.

Section 4.7. Contracts with Master Association. The Village Association is authorized to enter into any contracts or easement arrangements with the Master Association and any other village association within the Waterford Chase Village property, provided that such contracts or easements are necessary or beneficial for the operation of the Village Association or the maintenance of the Village Properties; provided that the costs or expenses of operating, performing, or maintaining such contracts or easements shall be allocated between this Village Association and such other association in accordance with the cost incurred or benefit received by each association. Any such contracts or easements shall be approved by the vote or written consent of a majority of the Board of the Village Association.

ARTICLE 5

EASEMENTS

Section 5.1. Owners' Easements of Access and Enjoyment. Subject to the provisions below, every Owner shall have a right to use and an easement of enjoyment in and to the Village Common Areas (other than Exclusive Common Areas whose use may be restricted to Owners of particular Village Units by rule or regulation adopted by the Village Association), together with an easement of access to and from the Village Common Areas (other than Exclusive Common Areas which are so restricted) which shall be appurtenant to and shall pass with the title to the Lot or Unit owned by such Owner, subject to the following:

5.1.1. The right of the Village Association to take such steps as are reasonably necessary to protect the Village Common Areas against foreclosure;

5.1.2. All provisions of the Master Declaration and the Articles and Bylaws of the Master Association and rules and regulations adopted by the Master Association;

5.1.3. Rules and regulations governing the use and enjoyment of the Village Common Areas adopted by the Village Association; provided, however, that the Village Association may not restrict the persons described in Section 5.4 of this Article from the reasonable use of the Village Common Areas in connection with the construction and sale of Units and other improvements upon the Village Property.

5.1.4. Restrictions contained on any and all plats of all or any part of the Village Common Areas or filed separately with respect to all or any part or parts of the Village Common Areas.

5.1.5. The additional restrictions set forth in Section 5.9 of this Article 5.

Section 5.2. Delegation of Use. Any Owner may delegate, in accordance with the appropriate Bylaws, his right of ingress and egress over and across the Village Common Areas and right of use and enjoyment of the Village Common Areas to his guests, invitees and family members, and to tenants and contract purchasers of his Unit, and their respective guests, invitees and family members.

Section 5.3. Utility Easements. The Declarant reserves to itself (and its successors or assigns) for so long as Declarant owns any of the Village Properties, and the Village Association thereafter, the right to grant easements to any private company, public or private utility or governmental authority providing utility and other services within the Village Properties and the Village Common Property upon, over, under and across the Village Properties. Said easements shall only be given for the purpose of maintaining, installing, repairing, altering and operating sewer lines, irrigation lines, water lines, waterworks, sewer works, force mains, lift stations, water mains, sewer mains, water distribution systems, sewage disposal systems, effluent disposal lines and systems, pipes, wires, fiber optics lines, power lines, telephone service, gas lines, syphons, valves, gates, pipelines, cable television service, alarm systems and all machinery and apparatus appurtenant thereto to all of the foregoing as may be necessary or desirable for the installation and maintenance of utilities and providing services to Owners, the Village Properties and Village Common Property. All such easements to be of a size, width and location as Declarant, or the Village Association, in its discretion, deems best but selected in a location so as to not unreasonably interfere with the use of any improvements which are now, or will be, located upon the Village Properties.

Section 5.4. Declarant Easements. Declarant hereby reserves to itself, its successors and assigns, and to such other persons as Declarant may from time to time designate in writing, a perpetual easement, privilege and right in and to, over, under, on and across the Village Common Property for ingress and egress as required by its officers, directors, employees, agents, independent contractors, invitees and designees; provided, however, that such access and use does not unnecessarily interfere with the reasonable use and enjoyment of these properties and facilities by the Owners. Declarant reserves the right to impose further restrictions and to grant or dedicate additional easements and rights-of-way on any of the Village Properties owned by Declarant. The easements granted by Declarant shall not structurally weaken any improvements or unreasonably interfere with enjoyment of the Village Properties.

Section 5.5. [reserved]

Section 5.6. [reserved]

Section 5.7. Drainage Easements. Drainage flow shall not be obstructed or diverted from drainage easements. The Village Association may, but shall not be required to, cut drainways for surface water wherever and whenever such action may appear to Village Association to be necessary to maintain reasonable standards of health, safety and appearance. These easements include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other action reasonably necessary to install utilities and to maintain reasonable standards of health and appearance but shall not include the right to disturb any improvements erected within the Village Properties that are not located within the specific easement area designated on the plat or in this Village Declaration. Except as provided herein, existing drainage and drainage channels (or areas reserved for such purposes) shall not be altered so as to divert the flow of water onto adjacent parcels or into sanitary sewer lines. Once established by the Declarant, elevations and slopes within drainage easements may not be altered without compliance with provisions of the Master Declaration.

Section 5.8. Right of Entry. The Village Association shall have the right, but not the obligation, to enter any Unit for emergency, security, and safety, which right may be exercised by the Village Board, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Village Association to enter a Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Village Board.

Section 5.9. Extent of Easements. The rights and easements of enjoyment created in this Article 5 shall be subject to the following:

5.9.1. The right of Declarant or the Village Association, in accordance with its Bylaws, to borrow money from any lender for the purpose of improving and/or maintaining the Parks, Lakes, Recreation Parcels, Surface Water and Storm Water Management Systems and Village Common Property and providing services authorized herein and, in aid thereof, to mortgage said properties.

5.9.2. The right of the Village Association to suspend the rights and easements of enjoyment of any Member or any tenant of any Member for any period during which any assessment remains unpaid, and for any period, not to exceed sixty (60) days, for any infraction of its published rules and regulation, it being understood that any suspension for either non-payment of any assessment or breach of any rules and regulations of the Village Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment. Notwithstanding the foregoing, no such suspension shall be imposed in violation of applicable laws.

5.9.3. The right of the Village Association to charge reasonable admission and other fees for the use of any recreational facility that may be situated on or in the Parks, Lakes, Recreation Parcel, and Village Common Property.

5.9.4. The right and authority of the Village Board to place (and remove) after notice any reasonable restrictions upon any roadways owned by the Village Association including, but not limited to, the maximum and minimum speeds of vehicles using said roads, all other necessary traffic and parking regulations, and the maximum noise levels of vehicles using said roads. The fact that such restrictions on the use of such roads shall be more restrictive than the laws of any state or local government having jurisdiction over the Village Property shall not make such restrictions unreasonable.

5.9.5. The right of the Village Association to give, dedicate, mortgage or sell all or any part of the Village Common Property (including leasehold interests therein) to any public agency, authority, or utility or private concern for such purposes and subject to such conditions as may be determined by the Village Association; provided that no such gift or sale or determination of such purposes or conditions shall be effective unless the same shall be authorized pursuant to Article 15, Section 15.2 of this Declaration. The Village Association shall deliver written notice of the meeting and of the proposed agreement and action thereunder to each Member thereof prior to such meeting as set forth in Article 15. A true copy of such resolution together with a certificate of the results of the vote taken thereon shall be made and acknowledged by the President or Vice-President and Secretary or Assistant Secretary of the Village Association, and such certificate shall be annexed to any

instrument of dedication or transfer affecting the Common Property, prior to the recording thereof. Such certificate shall be conclusive evidence of authorization by the Members.

Section 5.10. Discharge into Water Bodies. Nothing other than storm water or irrigation waters may be discharged into any lake, canal, or other body of water located within or adjacent to the Village Properties. The construction and/or installation of any device through which water is drawn shall be subject to the prior written approval of the ARC-M as set forth in Article 8 of the Master Declaration. Irrigation water may not be withdrawn from any body of water within the Village Properties or the ground without the consent of the Board of Directors of the Master Association, which consent may be withheld in the sole discretion of such Board.

ARTICLE 6

ASSESSMENTS

Section 6.1. Creation of the Lien and Personal Obligations of Assessments. Declarant covenants, and each Owner of any Lot or Unit shall by acceptance of a deed therefor, regardless of whether it shall be so expressed in any such deed or other conveyance, be deemed to covenant and agree to all the terms and provisions of this Village Declaration and to pay the Village Association: (1) Annual Assessments and (2) Special Assessments, all fixed, established and collected from time to time as hereinafter provided. The Annual and Special Assessments, together with such interest thereon and costs of collection provided herein shall be a charge and continuing lien as provided herein on the real property and improvements of the Owner against whom each such assessment is made. Each such assessment, together with such interest thereon and cost of collection, shall also be the personal obligation of the person who was the Owner of such real property at the time when the assessment first became due and payable. In the case of co-ownership of a Unit or Lot, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment.

The liability for assessments may not be avoided by waiver of the use or enjoyment of any Village Common Property or by the abandonment of the property against which the assessment was made. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Village Association or Village Board to take some action or perform some function required to be taken or performed by the Village Association or Village Board under this Village Declaration or the Bylaws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Village Association, or from any action taken to comply with any

law, ordinance, or with any order or directive of any municipal or other governmental authority.

In addition to the Annual and Special Assessments described herein, each Lot and Unit shall also be subject to the annual and special assessments imposed by the Master Association pursuant to the Master Declaration which shall be separate and distinct from the assessments imposed by the Village Association.

Section 6.2. Purpose of Annual Assessments. The Annual Assessments levied by the Village Association may be used for the improvement, maintenance, enhancement and operation of the Area of Common Responsibility located in, on or about the Village Property, and further to provide services which the Village Association is authorized or required to provide by contract or otherwise, including, but not limited to, payment to the Master Association of any Village Assessment imposed on the Village Association by the Master Association pursuant to the Master Declaration, the payment of taxes and insurance thereon, construction, repair or replacement of improvements, payment of the costs to acquire labor, equipment, materials, management and supervision necessary to carry out its authorized functions, and for the payment of principal, interest and any other charges connected with loans made to or assumed by the Village Association for the purpose of enabling the Village Association to perform its authorized or required functions.

Section 6.3. Duty of the Village Board. It shall be the duty of the Board, at least thirty (30) days in advance of each fiscal year of the Village Association, to establish the annual budget and to fix the amount of the Annual Assessment against each Lot or Unit for the coming fiscal year, and to prepare a roster of the Lots and Units and assessments applicable thereto which shall be kept in the office of the Village Association and shall be open to inspection by the Owner. Failure to fix the amount of the Annual Assessment within the time period set forth above will not preclude the Board from fixing the Annual Assessment at a later date. In the event the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year, and the Annual Assessment for the immediately preceding year shall continue for the current year. Written notice of the Annual Assessment shall be sent to every Owner subject thereto not later than seven (7) days after fixing the date of commencement thereof.

Section 6.4. Rate of Assessment. Annual Assessments shall be established by dividing the total Common Expenses of the Village Association by the total number of Lots or Units subject to assessment to derive a uniform base assessment amount applicable to all Lots. Thereafter the actual assessment applicable to Lots within the Village shall be adjusted for any Master Association Village Assessments applicable exclusively to that Village.

Special Assessments for capital improvements or expenses applicable to all Lots within the Properties shall be established in the same manner; however, Special Assessments applicable to a particular Lot for expenses attributable exclusively to such Lot shall be determined by dividing the applicable expense by the number of Lots to which it applies. After such amounts have been determined, the amounts due from the Class "B" and Class "C" Members shall be adjusted according to the following provisions. Declarant will have the following option for each assessment year:

6.4.1. During the period in which Declarant has the status of the Class B Member, all Lots and Units owned by Declarant, unless otherwise elected in writing by Declarant, shall be assessed at twenty-five percent (25%) of the rate of assessment applicable to units owned by Class A Members, provided however, that in the event that the actual operating expenses of the Village Association during the year for which the Declarant's assessment is 25% of the Class A Membership assessment exceed the actual income of the Village Association derived from all assessments imposed on all Members, Declarant shall reimburse the Village Association the difference between its actual operating expenses and its actual assessment income for such year, save and except any portion of such deficit attributable to delinquent assessments owed by Class A Members. Payment of such reimbursement shall be made by Declarant within 30 days after receipt of the Village Association's annual statement of accounts. Notwithstanding the foregoing, the Declarant shall have the right, but not the obligation, to reimburse the Village Association for deficits attributable to delinquent assessments owed by Class A Members, and, in that event, the Village Association shall promptly institute collection proceedings, including legal action if necessary, to recover such unpaid amount(s) from such Owner(s), and, upon receipt of such recovery, the Village Association shall reimburse Declarant the amount(s) so recovered up to the amount of any operating deficit funded by Declarant which arose from such non-payment.

6.4.2. In the alternative, Declarant may elect by written notice to the Board to pay the full Class A rate of assessment for each Unit owned by Declarant within the Village Association and subject to assessment without thereby waiving its Class B status, and, in such event, shall not be liable for the operating deficit of the Village Association as provided in Subsection 6.4.1.

6.4.3. At such time as Class B status shall cease, all Lots and Units owned by Declarant shall be assessed at the full Class A rate and Declarant shall have no obligation to fund any operating deficit of the Village Association thereafter.

Section 6.5. Builder Assessments. Lots or Units owned by Class C Members shall be assessed at twenty-five percent (25%) of the Annual Assessment rate fixed for Class A

Units during the period of Class B membership. Upon conversion of Class B membership to Class A, Class C shall also be converted to Class A, and full assessments shall apply.

Section 6.6. Initial Maximum Annual Assessment; Increases in Maximum Assessment; and Annual Assessment Rates.

6.6.1. Initial Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Unit by the Declarant or a Builder to a Class A Member, the Maximum Annual Assessment per Unit imposed by the Village Association shall be \$88.00. Assessments imposed by the Village Association are separate and independent of annual or special assessments imposed by the Master Association pursuant to the Master Declaration, and each Owner shall be obligated to pay both Village Association Assessments and Master Association Assessments.

6.6.2. Increases in Maximum Annual Assessment - Without Consent of the Members. From and after such date, the Maximum Annual Assessment may be increased each year by the Board without a vote of the Membership of the Village Association by an amount not more than either (a) ten percent (10%) above the sum of (1) the Maximum Annual Assessment for the previous year, plus (2) increases mandated by governmental agencies and/or increased fixed costs incurred for insurance, taxes, recycling, waste disposal, or to obtain services from utility companies, or (b) the percentage increase, if any, in the current U.S. Government's Consumer Price Index (Urban Price Index - All Urban Consumers), herein referred to as the "CPI", over the CPI published for the preceding period, or other statistical index providing similar information if the CPI ceases to be published, whichever amount, (a) or (b), is greater.

6.6.3. Increases in Maximum Annual Assessment - Requiring Consent of the Members. The Maximum Annual Assessment may not be increased above the amount described in Subsection 6.6.2 above without the approval of a simple majority of each class of Members who are either voting in person or by proxy, at a meeting of the Village Association duly called for this purpose, or whose approval is evidenced by the written consent of the majority of such Members.

6.6.4. Establishing the Annual Assessment. The Board of Directors of the Village Association shall set the Annual Assessment for each fiscal year at an amount not in excess of the Maximum Annual Assessment then in effect as established pursuant to Subsections 6.6.1, 6.6.2 or 6.6.3 above. If the Village Board sets the Annual Assessment at an amount which is less than the allowable Maximum Annual Assessment, the Village Board shall have the right to increase the Annual Assessment to any amount not greater than the allowable Maximum Annual Assessment then in effect without the consent of the Members upon thirty (30) days written notice. The election of the Village Board to set the Annual

Assessment at an amount less than the Maximum Annual Assessment shall not affect the calculation of the Maximum Annual Assessment for ensuing years pursuant to this Section 6.6.

Section 6.7. Special Assessments. In addition to the Annual Assessments authorized herein, the Village Association may levy in any fiscal year a Special Assessment applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Village Common Property, including fixtures and personal property related thereto; provided, such assessment shall have the affirmative vote or written consent, or combination thereof, at least a simple majority of the votes of each class of Members as evidenced by the result of a vote taken by the Village Association. The obligation to pay Special Assessments shall be computed on the same basis as for Annual Assessments. Special Assessments shall be payable in such manner and at such times as determined by the Village Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Village Board so determines.

The Village Association (by simple majority vote of the Village Board) may also levy a Special Assessment against any Member to reimburse the Village Association for costs incurred in bringing a Member and his Unit or Lot into compliance with the provisions of the Village Declaration, any amendments thereto, the Articles, the Bylaws, and the Village Association rules and regulations, which Special Assessment may be levied upon the vote of the Village Board after notice to the Member and an opportunity for a hearing. The Village Association (by simple majority vote of the Village Board) may also levy a Special Assessment against the Units or Lots in the Village Association to reimburse the Master Association for costs incurred pursuant to Article 4, Section 4.3.13 or 4.3.16 of the Master Declaration, in bringing the Units or Lots into compliance with the provisions of the Master Declaration, any amendments thereto, the Articles, the Bylaws, and the Master Association rules and regulations.

Section 6.8. Notice and Quorum Requirements. Written notice of any proposed action to be taken pursuant to Subsection 6.6.3 or Section 6.7 shall be delivered to each Member at least 30 days in advance of (1) any meeting at which such matter is to be discussed or (2) any action which is to be taken by written approval of the Members in lieu of a meeting. The notice shall state the purpose of the meeting or proposed written approval and shall contain a written description of the of the proposed assessment. The notice shall also contain a copy of a proxy that can be cast in lieu of attendance at the meeting. If the Village Association has, or is planned to have, 250 Members or less - the quorum for any such meeting shall be no less than 20% of the total number of votes. If the Village Association has, or is planned to have, more than 250 Members but less than 1000 Members - the quorum for any such meeting shall be no less than 10% of the total number

of votes. If the Village Association has, or is planned to have, more than 1000 Members - the quorum for any such meeting shall be no less than 5% of the total number of votes. The foregoing requirements are minimum requirements, however, more stringent requirements imposed elsewhere in this Declaration, or pursuant to applicable laws or regulations shall supersede the requirements contained in this Section and the Association shall be bound by such more restrictive requirements as if fully reproduced herein.

Section 6.9. Date of Commencement of Annual Assessments; Due Dates. The Annual Assessments provided for herein shall commence as to each Lot or Unit on the first day of the month next following the month in which the Lot or Unit is subjected to the terms and conditions of this Village Declaration by recordation of this Village Declaration or any Supplemental Declaration annexing Lots or Units into the Village Association, or on the date the Village Association Articles of Incorporation are filed with the Secretary of State of Florida, whichever occurs later. The dates when such Annual Assessments shall become due shall be established by duly adopted resolution of the Village Board. The Annual Assessment shall be adjusted according to the number of days remaining in the fiscal year at the time assessments commence on the Unit. The Village Association may delegate to a mortgage company, financial institution or management company responsibility for collection of assessments. The annual assessments shall be payable in advance in monthly installments, or in annual, semi-annual or quarter-annual installments if so determined by the Board of Directors of the Village Association (absent which determination they shall be payable monthly).

Section 6.10. Records of Payment. The Board shall prepare a roster of Owners and Annual Assessments and Special Assessments applicable thereto which shall be kept in the office of the Village Association and shall be open to inspection by any Owner at reasonable times with reasonable notice. Any Owner shall have the right to request the Village Association to issue a written statement signed by an officer of the Village Association, setting forth whether all Annual Assessments and/or Special Assessments owed by such Owner have been paid. The Village Association shall have the right to impose a fee for the issuance of such statements not to exceed \$50.00 per statement. Requests for such statements shall be in writing addressed to the address to which Annual Assessment payments are made. Each request shall contain the street address and legal description (by platted lot and block) of the property and the full name of the Owner. The Village Association shall issue the requested statement within 30 days after receipt of the written request, subject to the payment of any fee for such service imposed by the Village Association. Such written statement issued by the Village Association shall be prima facie evidence of payment of any assessment therein stated to have been paid.

Section 6.11. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner; The Lien: Remedies of Village Association.

6.11.1. If any assessment (e.g. any Annual Assessment or Special Assessment) is not paid on the date due, then such assessment shall become delinquent and the entire assessment shall, together with interest thereon and cost of collection thereof as hereinafter provided, become due and payable and be a continuing lien on the property which shall bind such property in the hands of the then Owner, the Owner's heirs, devisees, personal representatives and assigns. The obligation of the Owner to pay such assessment is a personal obligation and any assessments that are due but remain unpaid at the time the Owner disposes of his or her ownership interest shall be enforceable by the Village Association against such person or against such person's successor in interest to the property subject to the assessment unless such successor in interest is a bona fide purchaser for value without notice of the assessment, or acquires title to the property by foreclosure of a lien securing a purchase money mortgage or home equity mortgage, or by deed or conveyance in lieu of foreclosure of such lien.

6.11.2. The Village Association may record a notice of lien for delinquent assessments in the public records and foreclose the lien in the same manner as a mortgage. The lien shall not be valid against subsequent bona fide purchasers or mortgagees for value unless so recorded. Upon recording, the lien shall secure the amount of delinquency stated therein and all unpaid assessments thereafter until satisfied of record, together with interest thereon, as provided herein, and the reasonable cost of (a) notices of delinquency, (b) demands for payment, (c) notices of liens, (d) assignment of liens, (e) releases of liens, (f) recording costs, (g) attorney's fees, and (h) management company fees.

6.11.3. If the assessment is not paid within thirty (30) days after the due date it shall be deemed delinquent and shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum, and the Village Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the court together with the costs of the action.

6.11.4. The Master Association shall have the right and authority to assign its lien for delinquent assessments due under the Master Declaration to the Village Association of which the delinquent Owner is a Member by recording a notice of such assignment in the real property records when the notice of lien is filed, and the Village Association shall thereafter be charged with the responsibility for collecting such delinquent assessments, and other amounts secured by the lien. Any delinquent amounts that have been assigned to the

Village Association remaining uncollected on the last day of the fiscal year of the Village Association shall be paid by the Village Association to the Master Association within ninety (90) days thereafter.

6.11.5. The Village Association, acting on behalf of the Owners, shall have the power to bid for the Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which a Unit is owned by the Village Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be assessed or levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Village Association as a result of foreclosure.

6.11.6. Suit to recover a money judgment for delinquent amounts owed to the Village Association and attorney's fees and costs shall be maintainable without foreclosing or waiving the lien securing the same.

Section 6.12. Subordination of the Lien to the Mortgages; Mortgagees' Rights. The lien of the assessments provided for herein is subordinate to the lien of any purchase money or home equity Mortgage given to an Institutional Lender now or hereafter placed upon a Unit or Lot recorded prior to the recording of a notice of lien pursuant to Section 6.11 of this Article 6; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

An Institutional Lender, upon request, shall be entitled to written notification from the Village Association of any default of an Owner of any obligation hereunder which is not cured within sixty (60) days. The Village Association may provide such notice without receiving a request from the Institutional Lender. An Institutional Lender may pay taxes or other charges which are in default and which may or have become a charge against any Village Common Property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such Village Common Property and Institutional Lenders making such payments shall be owed immediate reimbursement therefor from the Village Association.

Section 6.13. Damage to Village Common Property by Owners. Any maintenance, repairs or replacements within the Village Common Property arising out of or caused by the willful or negligent act of the Owner, his family, guests or invitees shall be done at said Owner's expense or a Special Assessment therefore shall be made against his Lot or Unit.

Section 6.14. Exempt Property. The following property subject to this Village Declaration shall be exempted from all assessments, charges and liens created herein: (a) all easements, rights-of-way or other interest dedicated and accepted by the local public authority and devoted to public use; and (b) all Master Common Property and Village Common Property.

Section 6.15. Collection of Master Association Assessments by Village Association. The Board of Directors of the Master Association shall have the right to require the Village Association to collect the Annual and Special Assessments imposed by the Master Association on Lots or Units within the Village Association on behalf of the Master Association, and to remit such assessment revenues to the Master Association. In the alternative, the Board of Directors of the Master Association shall have the right to collect all Master Association Assessments and Village Association Assessments on behalf of the Village Association and remit to the Village Association the Village Assessments so collected.

ARTICLE 7

VILLAGES

Each Unit within the Master Association shall be located within a Village. The Units within a particular Village will be subject to additional covenants, conditions, restrictions, easements and/or assessments as set forth in the Village Declaration, Articles of Incorporation and Bylaws of the Village Association. Owners of such Units or Property will all be members of a Village Association in addition to being members of the Master Association.

Each Village Association, upon the affirmative vote, written consent, or a combination thereof, of a majority of Owners within the Village, may request that the Master Association provide a higher level of service or special services for the benefit of Units in such Village. The Master Association is under no obligation to agree to provide the requested services, and its Board of Directors shall have the power to approve, deny or impose conditions upon any such request, in its sole discretion. If agreed to by the Board of Directors of the Master Association, the cost of such additional services shall be assessed against the benefitted Units as a Village Assessment.

The senior elected officer of each Village Association shall serve as the Village Representative for such Village and shall cast all votes attributable to Units in the Village on all Master Association matters requiring membership vote, unless otherwise specified in this Master Declaration or the Bylaws. The Village Representative shall cast all such votes according to the outcome of any vote of the members of the Village Association. In the

event that the Village Representative is not bound by such vote, he/she may cast all votes as he/she deems appropriate.

Each Village Association shall have the right to adopt reasonable rules designed to restrict the use of Exclusive Common Areas and/or Village Common Areas to Owners, their guests and invitees, of Units within such Village. Nothing herein shall prevent the Board of Directors of the Master Association from adopting such rules on its own initiative.

ARTICLE 8

ARCHITECTURAL CONTROL

Section 8.1. Enforcement of Architectural Standards. The Village Board shall have the authority and standing, on behalf of the Village Association, to enforce in courts of competent jurisdiction decisions of the committees established in Section 8.2 and 8.3 of this Article 8.

No construction, which term shall include within its definition, staking, clearing, excavation, grading, and other site work, no exterior alteration or modification of existing improvements, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Article and until the requirements of this Article have been fully met, and until the approval of the appropriate entities has been obtained.

Section 8.2. Architectural Review Committees. The primary responsibility for enforcement of the architectural standards and conditions established in this Village Declaration and in the Master Declaration shall reside with the Master Association as set forth in Article 8 of the Master Declaration. The Master Association shall have the right to delegate any portion of the responsibility for architectural standards to the Village Association. The following provisions shall be subject to any architectural review procedures or requirements established by the Master Association, and in the event of conflict between the terms or conditions of this Village Declaration and the terms and conditions of the Master Declaration, the Master Declaration shall supersede and control. With the consent of the Board of Directors of the Master Association, the Village Board may establish an Architectural Review Committee - Village ("ARC-V") which shall have jurisdiction over all construction on any portion of the Village Properties except Units or improvements constructed or installed by the Declarant and whose duties, powers and responsibilities shall be consistent with the duties, powers and responsibilities set forth for the ARC-M in Article 8 of the Master Declaration. Accordingly, Article 8 of the Master Declaration is hereby incorporated into this Village Declaration by this reference as if fully and completely reproduced herein, and all references therein to the "ARC-M" shall be

deemed to mean and refer to the ARC-V provided that the Master Association has delegated some portion of the responsibility of the ARC-M to the ARC-V.

Section 8.3. Notices. The Village Board shall provide written notice to all Members of the formation and operation of the ARC-V, and the address for delivery of applications for approval to be acted upon by the ARC-V.

ARTICLE 9

USE AND OCCUPANCY

All Lots and dwellings shall be used and occupied for single family residence purposes only. No Lot or dwelling may be used for commercial, institutional or other non-residential purpose if such use involves the attendance or entry of non-residents upon the Lot or otherwise diminishes the residential character of the Lot or neighborhood. This prohibition shall not apply to "garage sales" conducted with the prior written consent of the Village Association provided that no Owner shall conduct more than one (1) garage sale of no more than two (2) days duration during any six (6) month period or, the use of any Unit by Declarant or any Builder as a model home or sales office, or the use of any Lot as a site for a construction office trailer or sales office trailer by Declarant or any Builder. The living area of each Unit, exclusive of garages, porches, patios and other areas not designed for human habitation, shall be one thousand (1000) square feet or larger measured to the outside of the exterior walls.

ARTICLE 10

USE RESTRICTIONS

Section 10.1. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 10.2. Development Activity. Notwithstanding any other provision herein, Declarant and its successors and assigns, including Builders, shall be entitled to conduct on the Village Property all activities normally associated with and convenient to the development of the Village Property and the construction and sale of dwelling units on the Village Property.

Section 10.3. Temporary Structures. No structure of a temporary character, including, without limiting the generality thereof, any trailer, tent, shack, garage, barn, motor

home or mobile home or other outbuilding, and no prefabricated or relocated structure shall be used on any Lot at any time as a residence, either temporarily or permanently. This restriction shall not be interpreted to limit the right of Declarant or any Builder to use trailers or outbuildings as sales offices, construction offices or material storage facilities.

Section 10.4. Signs. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Unit, fence or other improvement upon such Lot so as to be visible from public view or mounted on any vehicle or trailer parked or driven in the subdivision or carried by any person or by any other means displayed within the subdivision except the following:

a. For Sale Signs. An Owner may erect one (1) sign not exceeding 2' x 3' in area, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of the ground advertising the property for sale.

b. Declarant's Signs. Signs or billboards may be erected by the Declarant or any Builder.

c. Political Signs. Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than ninety (90) days in advance of the election to which they pertain and are removed within fifteen (15) days after the election.

Section 10.5. Campers, Boats and Recreational Vehicles. No campers, boats, boat trailers, recreational vehicles and other types of non-passenger vehicles, equipment, implements or accessories may be kept on any Lot unless the same are fully enclosed within the garage located on such Lot and/or said vehicles and accessories are screened from view by a screening structure or fencing approved by the ARC-M or ARC-V, and said vehicles and accessories are in an operable condition. The ARC-M as designated in the Master Declaration, or ARC-V, as designated in this Village Declaration, shall have the absolute authority to determine from time to time whether a vehicle and/or accessory is operable and adequately screened from public view. Upon an adverse determination by said ARC-M or ARC-V, the vehicle and/or accessory shall be removed and/or otherwise brought into compliance with this paragraph. No dismantling or assembling of motor vehicles, boats, trailers, recreational vehicles, or other machinery or equipment shall be permitted in any driveway or yard adjacent to a street. No commercial vehicle bearing commercial insignia or names shall be parked on any Lot except within an enclosed structure or a screened area which prevents such view thereof from adjacent lots and streets, unless such vehicle is temporarily parked for the purpose of serving such Lot.

Section 10.6. Pets, Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except for cats, dogs or other generally recognized household pets of a reasonable number, provided that they are not kept, bred, or maintained for any commercial purpose; and provided further, than no more than four (4) adult animals may be kept on a single Lot. All such animals shall be kept in strict accordance with all local laws and ordinances (including leash laws) and in accordance with all rules established by the Village Association and the Master Association.

Section 10.7. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. No cans, bags, containers or receptacles for the storing or disposal of trash, garbage, refuse, rubble, or debris shall be stored, kept, placed or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage and rubbish and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal but shall be removed from view before the following day.

Section 10.8. Sight Distance at Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between three (3) and ten (10) feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and in a line connecting them at points thirty-five (35) feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight line limitations shall apply on any Lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

Section 10.9. Parking. No vehicles, trailers, implements or apparatus may be driven or parked in Village Common Areas or Master Common Areas not intended for vehicular access or on any easement unless in use for maintaining such Village Common Areas or Master Common Areas.

Section 10.10. Commercial or Institutional Use. No Lot, and no building erected or maintained on any Lot shall be used for manufacturing, industrial, business, commercial, institutional or other non-residential purposes, except for construction offices, model homes and sales offices as set forth in this Village Declaration.

Section 10.11. Detached Buildings. No detached accessory buildings, including, but not limited to, detached garages and storage buildings, shall be erected, placed or

constructed upon any Lot without the prior consent of the ARC-M or ARC-V. Every outbuilding, inclusive of such structures as a storage building, greenhouse or children's playhouse shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition. In no instance shall an outbuilding exceed one (1) story in height or have total floor area in excess of ten percent (10%) of the floor area of the main dwelling.

Section 10.12. Fences. No fence, wall or hedge shall be erected or maintained on any Lot nearer to the street than the building setback lines for the front yard, except for fences erected in conjunction with model homes or sales offices. Except as may be necessary to maintain the sight distances required by Section 10.8, side yard fences may be erected along the side setback lines of the Lots. Side yard fences on corner Lots must be erected inside the side street setback line of the Lot. All fences shall be constructed of wood or masonry except for retaining walls installed by Declarant or retaining walls or decorative walls approved by the ARC-M or ARC-V. All fences shall be six (6) feet in height except sales office or model home fences. No chain-link, metal cloth or agricultural fences may be built or maintained on any Lot. Unless otherwise agreed between Owners, side and rear yard fences that separate adjacent lots shall be owned and maintained by the Owner on whose Lot the fence exists, or if the location is indefinite, such fence will be maintained by the Owners whose Lots are involved jointly with expenses being shared equally.

Section 10.13. Landscaping. Decorative ground cover rock in the front and side yard may not exceed ten (10) percent of the total area of the front and side yard. Lawns must be properly maintained (not to exceed six (6) inches in height).

Section 10.14. Solar Energy Devices. No Owner may erect or maintain solar collector panels or other solar energy devices or equipment upon any Lot unless such apparatus is erected and maintained in such a way that it is screened from public view at a point in the center of the public street right-of-way directly in front of the house erected on such Lot; and no such apparatus shall be erected without the prior written consent of the ARC-M or ARC-V. An Owner shall not be denied permission to install solar collectors on a roof with an orientation to the south or within 45° east or west of due south in accordance with Section 163.04 of the Florida Statutes so long as such law is in force. Declarant shall have the right to grant exceptions to the foregoing restrictions if the placement of any such device is determined by Declarant to be reasonable and not offensive.

Section 10.15. Exterior Finish. All exterior walls of all dwellings, garages and approved accessory buildings shall be completely finished with wood, stucco, brick, stone, paneling or other material acceptable to the ACC. No unpainted concrete block surfaces shall be visible on any exterior wall. The first floor exterior walls of the main residence building constructed on any Lot shall be composed of at least seventy-five percent (75.00%)

masonry or masonry veneer (including stucco), said percentage to apply to the aggregate area of all first floor exterior walls, excluding windows, doors or other openings and gable ends. The minimum masonry requirement specified shall apply to the lower floor only for a two-story dwelling. Masonry or masonry veneer includes stucco, ceramic tile, clay, brick, rock and all other materials commonly referred to in the Orange County, Florida area as masonry. Notwithstanding the foregoing, the ARC-M and ARC-V are empowered to waive this restriction if, in their sole discretion, such waiver is advisable in order to accommodate a unique or advanced building concept, design, or material, and the resulting structure will not detract from the general appearance of the neighborhood.

Section 10.16. Chimneys. All fireplace flues, smoke stacks and spark arrestors shall be completely enclosed and concealed from public view in finished chimneys of materials architecturally compatible with the principal finish material of the exterior walls of the dwelling or otherwise approved by the ARC-M or ARC-V.

Section 10.17. Clothes Hanging Devices. Clothes hanging devices exterior to a dwelling shall not exceed six (6) feet in height and shall not be placed nearer to any street abutting the Lot than the side yard setback line or the back of the Unit constructed on the Lot. Clothes hanging devices shall be screened from public view by a fence approved by the ARC-M or ARC-V.

Section 10.18. Window Treatment. No aluminum foil, reflective film or similar treatment shall be placed on windows or glass doors.

Section 10.19. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. No tank for the storage of oil or other fluids may be maintained on any of the Lots above the surface of the ground.

Section 10.20. Mail Boxes. Mail boxes shall be erected and maintained upon areas determined by the U.S. Postal Service in accordance with the current postal authority standards and the approval of the ARC-M or ARC-V.

Section 10.21. Garages. An enclosed garage able to accommodate at least two (2) automobiles must be constructed and maintained for each residence. The openings of such garages must be situated within the setback lines set out in Section 10.23 below. If the garage is detached from the house, it shall be located entirely in the rear yard area and not less than five (5) feet from any side or rear Lot line and in the case of corner Lots, not less than the distance required for dwellings from side streets. Garages may be used as a

builder's sales offices prior to permanent occupancy of the main structure, however, sales offices must be converted to garages prior to permanent occupancy. Detached garages may not exceed a height of eighteen feet (18') at the highest ridge point of the roof measured from the existing ground unless prior written approval is obtained from the ARC-M or ARC-V. With the exception of periods when garages are used by the Builder as sales offices, all garages shall be maintained for the storage of automobiles, and no garage may be enclosed or otherwise used for habitation.

Section 10.22. Roof. No exposed roof surfaces on any principal and/or secondary structures shall be of wood shingles or wood shakes unless rated by the State Insurance Board as meeting fire retardant standards. The ARC-M or ARC-V shall have the authority to approve roof treatments and materials when in its determination such treatments and materials, in the form utilized will not be a detriment to the quality of the neighborhood.

Section 10.23. Setback Lines. All buildings or other structures (except fences), permanent or temporary, habitable or uninhabitable, must be constructed, placed and maintained in conformity with setback lines imposed herein. In no event shall any such building or other structure be constructed, placed or maintained within 5 feet of the side boundary of a Lot (except for Lots bordering a side street, in which case the side street setback line shall be 15 feet) or within 15 feet of the rear boundary of a Lot. Front setback lines for one story homes are hereby established at 20 feet, and for two story homes at 20 feet. Detached garages and temporary structures shall be located entirely in the rear yard area and not less than 5 feet from any side or rear Lot line and in the case of corner Lots, not less than the distance required for dwellings from side streets. The eaves, steps and porches of buildings shall not be deemed to be a part of a building or structure for the purpose of this covenant. Notwithstanding the foregoing, the ARC-M or ARC-V shall have the right and authority to approve variances from the setback requirements for reasonable cause or to alleviate a hardship.

Section 10.24. Athletic and Recreational Facilities. Outdoor athletic and recreational facilities such as basketball goals, swing sets and sport courts of either a permanent or temporary nature shall not be placed on any Lot in the subdivision between the street right-of-way and the front of a Unit and must be approved by the ARC-M or ARC-V. Tennis court lighting and fencing shall be allowed only with the approval of the ARC-M or ARC-V.

Section 10.25. Water and Sewage Systems. No individual water supply system or sewage disposal system shall be permitted on any Lot, including but not limited to water wells, cesspools or septic tanks.

Section 10.26. Exterior Holiday Decorations. Lights or decorations may be erected on the exterior of Units in commemoration or celebration of publicly observed holidays

provided that such lights or decorations do not unreasonably disturb the peaceful enjoyment of adjacent Owners by illuminating bedrooms, creating noise or attracting sight-seers. All lights and decorations that are not permanent fixtures of the Unit which are part of the original construction or have been properly approved as permanent improvements by the ARC-M or ARC-V shall be removed within thirty (30) days after the holiday has ended. Christmas decorations or lights may not be displayed prior to November 15th of any year. For other holidays, decorations or lights may not be displayed more than two (2) weeks in advance of the holiday. The Village Association shall have the right, upon thirty (30) days prior written notice to enter upon any Lot and summarily remove exterior lights or decorations displayed in violation of this provision. The Village Association, and the individuals removing the lights and decorations, shall not be liable to the Owner for trespass, conversion or damages of any kind except intentional misdeeds and gross negligence.

Section 10.27. Television and Radio Receiving Devices. No exterior radio or television antenna, satellite dish, microwave antenna or other antenna or device for sending or receiving television or radio signals may be erected or maintained on the exterior of any Unit in the Village Properties in such a manner as to be visible to an observer from the street in front of the Unit. Television and/or radio receiving devices may be erected on the exterior of a Unit in a location that does not allow them to be visible to an observer from the street in front of the Unit if such devices are approved for installation by the ARC-M or ARC-V, provided however, that satellite receiving dishes in excess of 39 inches in diameter shall be prohibited on all Lots. Notwithstanding the foregoing, the Board of Directors of the Village Association shall have the authority to establish size limitations for television and radio receiving devices that do not have a material effect upon the appearance of the Unit which devices may be approved for use in areas that are visible to an observer from the street if advances in technology create devices that are unobtrusive and do not materially affect the appearance of the Unit. By acceptance of a deed to a Unit within the Village Properties, each Owner agrees that this restrictive covenant is a reasonable limitation on the Owners' ability to receive television and/or radio transmissions, and (1) does not unreasonably delay or prevent installation, maintenance or use of television or radio receiving devices, (2) does not unreasonably increase the cost of installation, maintenance or use of television or radio receiving devices, (3) does not preclude reception of an acceptable quality television or radio signal, and (4) does not impose an unnecessary burden, expense or delay on any Owner. Each Owner covenants with Declarant and every other Owner that the rights of the Village Association and all other Owners of Units in the Village Properties in the protection of property values and the architectural character and aesthetics of the Village Properties supersedes and takes precedence over the interests of each individual Owner in the placement of television and radio receiving devices, and that the limitations established in this Village Declaration provide each Owner reasonable alternatives for receiving quality television and radio signals without the necessity of erecting receiving devices in locations that are visible to observers from the street in front of the Unit

or otherwise materially affect the appearance of the Unit. Therefore, each Owner agrees to be bound by this limitation and waives the benefits of any contrary rule or regulation promulgated by the Federal Communications Commission or other governmental body or agency.

ARTICLE 11

PICKETING AND DEMONSTRATIONS

By acceptance of the deed to any Lot covered by this Declaration, the Owner covenants and agrees with the Owners of all other Lots within the subdivision, that no Owner or resident of any Lot shall engage in picketing, protest marches, sit-in demonstrations, protest speeches or other forms of public protest, including without limitation, displaying signs or placards within public view, upon any Lot or within any Master Common Area, Village Common Area, easement or street adjacent to any Lot, or affixed to any vehicle or apparatus upon or adjacent to any Lot. This prohibition shall not affect the right of any person to participate in any other form of public protest conducted outside the area depicted on the recorded subdivision Plat. No Owner or resident of any Lot shall engage in conduct that tends to vilify, ridicule, denigrate, or impugn the character of any other Owner or resident if such conduct occurs on any Lot, Master Common Area, Village Common Area, easement or street depicted on the subdivision Plat. Each Owner, by acceptance of the deed to any Lot, shall be deemed to have accepted the foregoing prohibitions as reasonable limitations on his or her constitutional right of free speech and to recognize and agree that all Owners have the right to the peaceful enjoyment of their property; the right of privacy; the right to practice their own religion; the freedom of association; the right to engage in a profession, business or life-style of their own choosing provided that the conduct of such profession, business or life-style is not illegal and does not otherwise violate any provision of this Declaration.

ARTICLE 12

ACCEPTANCE AND MAINTENANCE OF VILLAGE COMMON PROPERTIES

Section 12.1. Construction and Ownership of Master Common Property and Village Common Property Improvements. It is anticipated that Declarant will designate certain portions of the Village Property to be Village Common Property and/or Master Common Property that will be improved or developed in phases in association with the development and annexation of the Villages. Declarant may elect to construct or install certain improvements or facilities upon portions of the Village Common Property and/or Master Common Property, but is not obligated to do so. Declarant shall have the absolute

right and power to determine what improvements or facilities, if any, it will install or construct on the Village Common Property and/or Master Common Property at all times prior to conveying such Village Common Property to the Village Association and/or such Master Common Property to the Master Association, and within two (2) years thereafter. All lands designated by the Declarant as Village Common Property shall be conveyed to, and title shall be held by, the Village Association, together with all improvements or facilities constructed or installed thereon. All lands designated by the Declarant as Master Common Property shall be conveyed to, and title shall be held by, the Master Association, together with all improvements or facilities constructed or installed thereon.

Section 12.2. Acceptance of Village Common Properties. Within thirty (30) days after receipt of written notice from the Declarant informing the Village Association that Declarant has completed construction or installation of improvements upon any portion of Village Common Property, the President of the Village Association, or in the absence of the President, any Vice President of the Village Association, together with a duly authorized representative of the Declarant, shall conduct a thorough inspection of the improvements or facilities, and shall report in writing any incomplete or defective conditions. The Village Association shall have the right to engage the service of a professional engineer, or other qualified inspector, to assist with the inspection and preparation of the written report. Upon completion or correction of any incomplete or defective conditions by Declarant, and re-inspection and approval by the President (or Vice President, as the case may be), or, in the event that the Declarant and the representative of the Village Association disagree about the completion or correction of allegedly incomplete or defective conditions, upon written certification of completion by a licensed engineer or architect engaged by the Declarant, Declarant shall convey all of its right, title and interest in and to the Common Property, including the improvements or facilities, to the Village Association, and the Village Association shall accept and acknowledge the deed of conveyance, and/or the certificate of completion, and shall thereafter own all right, title and interest in the Village Common Property and improvements or facilities.

Section 12.3. Maintenance of the Village Common Property. The Village Association shall own, operate and maintain all Village Common Property and the improvements or facilities constructed or installed thereon in first class condition, subject to normal wear and tear, depreciation, and the elements. Maintenance of the Village Common Properties shall include periodic inspection and preventive maintenance for the improvements and facilities owned by the Village Association.

Section 12.4. Inspections of the Village Common Property by Declarant. Declarant hereby reserves the right, at all times after conveyance of the Village Common Properties to the Village Association, to enter the Village Common Properties, without prior notice, and to inspect the condition of the improvements and facilities owned by the Village

Association. If Declarant determines, in its sole judgement, that the improvements or facilities are in need of repair or maintenance, it shall so notify the Village Association in writing, and it shall be the Village Association's sole obligation to promptly complete such repairs or maintenance. Failure of the Village Association to properly maintain and repair the Village Common Properties shall relieve the Declarant of any liability to the Village Association or to any Member for any condition of the Village Common Properties. Declarant shall have the right to make a record of its inspections by photographing and/or videotaping the Village Common Properties, and shall have the right to perform tests or examinations to determine the condition of the Village Common Properties, provided that Declarant shall indemnify the Village Association from any claims for personal injury, death, property damage or non-payment asserted by persons claiming by, through or under the Declarant for injury, death or damage occurring as a result of such examinations or tests. Notwithstanding the foregoing, Declarant shall have no obligation to perform inspections of the Village Common Properties owned by the Village Association. The deeds conveying the Village Common Properties to the Village Association may contain a recitation of this reservation, however failure to recite such reservation in such deeds shall not affect the rights of Declarant herein reserved.

Section 12.5. Maintenance and Repair Records. The Village Association shall keep records of maintenance and repairs performed on the Village Common Properties, and such records shall be made available to the Declarant and to any Member upon written request. Failure of the Village Association to maintain appropriate records of maintenance and repairs shall be conclusive evidence that such maintenance and repairs were not performed.

Section 12.6. Surface Water and Storm Water Management System. The Declarant has caused or will cause to be constructed within the geographic area shown by the Master Plan drainage canals, lakes and drainage retention/detention ponds. These drainage structures are part of the overall drainage plan for the Village Properties. The Village Association shall have unobstructed ingress to and egress from all retention/detention ponds and lakes at all reasonable times to maintain said ponds and lakes in a manner consistent with its responsibilities. No Village Association, Owner or the Declarant shall cause or permit any interference with such access and maintenance. Should any Village Association fail to sufficiently maintain any portion of the Surface Water and Storm Water Management System within its boundaries (or any portion of a surface water management system which connects with the Surface Water and Storm Water Management System), the Master Association shall have the authority to maintain such portion and the cost of such maintenance shall be assessed against and become a debt of the Village Association and shall become immediately due and payable as provided for other assessments of the Village Association. Consequently, no Owner shall utilize, in any way, any of the drainage facilities or incorporate such facilities in the Owner's development plans, without the express

prior written consent of the Declarant and the Master Association. Further, where an Owner of a Lot is contiguous to any of the drainage facilities, the Owner shall prepare its site plan so that the utilization of its property will not adversely affect the drainage facilities and structures and so as to be aesthetically compatible with such drainage facilities and structures.

Section 12.7. SJRWMD Permits. The Village Association shall maintain, as part of the common elements, drainage structures for the properties and comply with conditions of the permits from the St. Johns River Water Management District ("SJRWMD") for the drainage system assigned to such Village Association. The terms and conditions of Article 10 of the Master Declaration are incorporated herein by reference as if fully and completely reproduced herein. If the Village Association shall be assigned any SJRWMD Permit as described in Section 10.7 of the Master Declaration, all references in the Master Declaration to the Master Association concerning the SJRWMD Permit shall be deemed to mean and include the Village Association.

ARTICLE 12A

RECOGNITION OF MASTER COMMON PROPERTY

12.1 *Retention Area.* Tract "A" depicted on the plat of the Additional Property is hereby designated as "Common Property" as defined in the Master Declaration subject to restrictions as shown on the Plat. As Common Property, Tract "A" shall be owned, operated and maintained by the Master Association at Common Expense. Tract "A" shall be used as a retention area and shall be an integral part of the Surface Water and Storm Water Management System as defined in the Master Declaration subject to restrictions as shown on the Plat. An easement for drainage over Tract "A" is granted to Orange County.

12.2 *Landscape/Wall Buffer:* Tract "B" depicted on the plat of the Additional Property is hereby designated as "Common Property" as defined in the Master Declaration subject to restrictions as shown on the Plat to be used as a Landscape/Wall Buffer. As Common Property, Tract "B" shall be owned, operated and maintained by the Master Association at Common Expense.

12.3 *Easement for PD/Landscape Buffer:* Within a twenty-five foot wide PD/Landscape Buffer, shown as such on the Plat of the Additional Property, affecting a portion of Lots 23 through 54, the Declarant shall initially plant trees, shrubs and other vegetation in order to provide a buffer from adjoining properties. Individual lot owners may not remove any such vegetation but shall have primary responsibility for maintaining that portion of the PD/Landscape Buffer that exists on such Owner's Lot. There is hereby granted

to the Master Association an easement over the PD/Landscape Buffer in order to maintain or replace such vegetation or to gain access to other portions of the PD/Landscape Buffer but the Master Association is not obligated to do so.

ARTICLE 13

MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders of first Mortgages on Units in the Village Properties. The provisions of this Article apply to both this Village Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

Section 13.1. Rights of Eligible Holders. An institutional holder, insurer, or guarantor of a first Mortgage that provides a written request to the Village Association (such request to state (1) the name and address of such holder, insurer, or guarantor; (2) the name of the Owner; (3) the address of the Unit; and (4) the Lot and Block numbers and Village identification of the Unit, thereby becoming an "Eligible Holder"), will be entitled to:

- a. the right to inspect Village Association documents and records on the same terms as Members;
- b. copies of all written notices to the Unit Owner of material amendments to the Village Declaration, Articles of Incorporation or Bylaws of the Village Association when such notices are required to be given to Owners pursuant to such documents;
- c. copies of written notices to the Unit Owner of extraordinary actions to be taken by the Association when such notices are required to be given to Owners pursuant to this Village Declaration or the Bylaws;
- d. copies of written notices to the Unit Owner of (i) any property loss, condemnation or eminent domain proceeding affecting the Village Common Property resulting in losses greater than ten percent (10%) of the current annual budget, or (ii) any Unit insured by the Village Association in which the Eligible Holder has an interest;
- e. copies of written notices to the Unit Owner of any termination, lapse or material modification of an insurance policy held by the Village Association;
- f. written notice of any default by an Owner of a Unit subject to a mortgage held by the Eligible Holder in paying assessments or charges to the Village Association which remains uncured for sixty (60) consecutive days;

g. written notice of any proposal to terminate the Village Declaration or dissolve the Village Association at least thirty (30) days before such action is taken;

h. the right of a majority of Eligible Holders (determined on the basis of one vote for each Unit standing as security for a mortgage held by the Eligible Holder) to demand that the Village Association retain a professional management company; and

i. the right of a majority of Eligible Holders (determined on the basis of one vote for each Unit standing as security for a mortgage held by the Eligible Holder) to demand an audit of the Village Association's financial records.

Section 13.2. Voting Rights of Eligible Holders. For purposes of this Section, an Eligible Holder of a Mortgage shall be entitled to one (1) vote for each first Mortgage owned.

13.2.1. Unless at least two-thirds (2/3) of the Eligible Holders consent, the Village Association shall not:

(a) by act or omission abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Village Common Property which the Village Association owns, directly or indirectly (The granting of easements for public utilities or other similar purposes consistent with the intended use of the Village Common Property shall not be deemed a transfer within the meaning of this subsection.);

(b) change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner (A decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Properties regarding assessments for Villages or other similar areas shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration.);

(c) by act or omission change, waive, or abandon any material aspect of the scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Units and of the Village Common Property (The issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment withing the meaning of this provision.);

(d) fail to maintain insurance, as required by this Village Declaration; or

(e) use hazard insurance proceeds for any Village Common Property losses for other than the repair, replacement, or reconstruction of such property.

13.2.2. Any election to terminate the legal status of the Village Association shall require:

(a) the approval of at least fifty-one percent (51%) of the Eligible Holders if the election to terminate the legal status is the result of substantial destruction or a substantial taking in condemnation of the Village Common Property; or

(b) the approval of at least sixty-seven percent (67%) of the Eligible Holders if the termination is sought for any other reason.

13.2.3. In the event a portion of the Village Common Property is either condemned or destroyed or damaged by a hazard that is insured against, restoration or repair shall be performed substantially in accordance with the provisions of the Village Declaration and the original plans and specifications for the project unless fifty-one (51%) of the Eligible Holders approve the taking of other action by the Village Association.

13.2.4. The affirmative vote fifty-one percent (51%) of the Eligible Holders shall be sufficient to require the Village Association to engage a professional management company.

13.2.5. The affirmative vote fifty-one percent (51%) of the Eligible Holders shall be sufficient to require the Village Association to conduct an audit of its financial records.

Section 13.3. Voluntary Payments by Eligible Holders. Eligible Holders may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Village Common Property and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of a Village Association policy, and Eligible Holders making such payments shall be entitled to immediate reimbursement from the Village Association.

Section 13.4. No Priority. No provision of this Village Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the Eligible Holder of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Village Common Property.

Section 13.5. Notice to Village Association. Upon request, each Owner shall be obligated to furnish to the Village Association the name and address of the Eligible Holder of any Mortgage encumbering such Owner's Unit.

Section 13.6. Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently modify any of their respective requirements which necessitate the provisions of this Article, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

Section 13.7. Applicability of this Article. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Village Declaration, the Bylaws, or Florida corporate law for any of the acts set out in this Article.

Section 13.8. Failure of Eligible Holder to Respond. Any Eligible Holder who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Village Association does not receive a written response from the Eligible Holder within thirty (30) days of the date of the Village Association's request.

ARTICLE 14

INSURANCE AND CASUALTY LOSSES

Section 14.1. Village Common Areas. The Village Association shall keep all improvements, facilities and fixtures located within the Village Common Areas 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 Village Association may deem desirable. The Village Association may also insure any other property, whether real or personal, owned by the Village Association, against loss or damage by fire and such other hazards as the Village Association may deem desirable, with the Village 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 Village Common Areas shall be written in the name of, and the proceeds thereof shall be payable to, the Village Association. Insurance proceeds shall be used by the Village Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Village Association are common expenses included in the assessments made by the Village Association.

To the extent obtainable at reasonable rates, the insurance policy(ies) maintained by the Village 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 Village Association shall also maintain, to the extent any insurable improvements to Village Common Areas are within an "A" flood zone, flood insurance in an amount equal to the lesser of 100% of the replacement costs of all insurable improvements (if any) within the Village Common Areas or the maximum amount of coverage available under the National Flood Insurance Program.

Section 14.2. Waiver of Subrogation. As to each policy of insurance maintained by the Village Association which will not be voided or impaired thereby, the Village Association hereby waives and releases all claims against the Village 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.

Section 14.3. Liability and Other Insurance. The Village 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 Village 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 Village Association and vice versa. The Village Association may also obtain Worker's Compensation insurance and other liability insurance as it may deem desirable, insuring each Member and the Village Association and its Board of Directors and officers, from liability in connection with the Village Common Areas, the premiums for which shall be Village Common Expenses and included in the assessments made against the Members. The Village Association may also obtain such other insurance as the Village 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 Village Board may also obtain such errors and omissions insurance, indemnity bonds, fidelity bonds and other insurance as it deems advisable, insuring the Village Board or any management company engaged by the Village Association against any

liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Village 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 Village Association, with the Village Association to be an obligee thereunder. Such bonding shall cover the maximum funds to be in the hands of the Village Association or management company during the time the bond is in force. In addition, the fidelity bond coverage must at least equal the sum of three (3) months' of regular assessments, plus all reserve funds.

Section 14.4. Damage and Destruction.

14.4.1. Immediately after damage or destruction by fire or other casualty to all or any part of the Village Common Property covered by insurance written in the name of the Village Association, the Village Board or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Village Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Village Properties to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

14.4.2. In the event of damage or casualty loss to the improvements, if any, erected on the Village Common Properties, which in the opinion of the Board of Directors, should not be repaired or reconstructed, the Board shall deliver written notice thereof to each Member stating (1) the amount of the insurance proceeds to be paid to the Village Association by the insurer as a result of the loss; (2) the estimated cost of repair or reconstruction; and (3) a request that each Member deliver a written response voting for or against repair or reconstruction within 30 days after receiving the Board's notice. Such notice shall be sent to each Member within 60 days after the Board has received the settlement offer of the insurer and the estimated cost of repair or reconstruction from a qualified contractor. The Village Association shall make the repairs or reconstruct the improvements unless at least 75% of the Members of each class of membership vote not to do so. No Eligible Holder shall have the right to participate in the determination of whether the damage or destruction to the Village Common Area shall be repaired or reconstructed; provided, however, this provision shall not apply to construction Mortgagees, if any, providing construction financing for such damaged Village Common Property.

14.4.3. In the event that it should be determined in the manner described above that the damage or destruction to the Village Common Area shall not be repaired or reconstructed and no alternative improvements are authorized by the Members, then and in that event the affected portion of the Village Common Property shall be restored

to its natural state and maintained by the Village Association in a neat and attractive condition.

Section 14.5. Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction. Any proceeds remaining after defraying such costs of repair or reconstruction to the Village Common Property shall be retained by and for the benefit of the Village Association and placed in a capital improvements account. In the event no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Eligible Holders as their interests may appear, shall be retained by and for the benefit of the Village Association and placed in a capital improvements account. This is a covenant for the benefit of any Eligible Holder of a Unit and may be enforced by such Mortgagee.

Section 14.6. Repair and Reconstruction. If the damage or destruction to the Village Common Area for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board shall, without the necessity of a vote of the Members, levy a Special Assessment against all Owners on the same basis as provided for Annual Assessments. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

Section 14.7. Cooperation with Master Association. Notwithstanding any other condition of this Village Declaration to the contrary, the Village Board shall have the right to join the Master Association and any other Village Associations in a cooperative effort to obtain the insurance coverages specified in this Village Declaration and in the Master Declaration, and shall have the right to enter into agreements with insurers in coordination with such associations providing coverage to all such entities.

ARTICLE 15

GENERAL PROVISIONS

Section 15.1. Duration. The covenants, conditions and restrictions of this Village Declaration shall run with and bind the Village Properties, and shall inure to the benefit of and be enforceable by the Village Association, Master Association, the Declarant and any Owner, their respective legal representatives, heirs, successors, and assigns, for a period of thirty (30) years from the date this Village Declaration is recorded. Upon the expiration of said thirty (30) year period, this Village Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year

renewal periods hereunder shall be unlimited with this Village Declaration being automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year period; provided, however, that there shall be no renewal or extension of this Village Declaration if during the last year of the initial thirty (30) year period, or during the last year of any subsequent ten (10) year renewal period, Voting Members representing three-fourths (3/4) of the votes of the Village Association vote in favor of terminating this Village Declaration at the end of its then current term. Termination of this Village Declaration is deemed to be an "Extraordinary Action" subject to the provisions of Section 15.2.

Written notice of any meeting at which such proposal to terminate this Village Declaration is to be considered, setting forth the fact that such a proposal will be considered, shall be given at least sixty (60) days in advance of said meeting. In the event that the Village Association votes to terminate this Village Declaration, the President and Secretary of the Village Association shall execute certificate which shall set forth the resolution of termination adopted by the Village Association, the date of the meeting of the Village Association at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Village Association, the total number of votes required to constitute a quorum at a meeting of the Village Association, the total number of votes necessary to adopt a resolution terminating this Village Declaration, the total number of votes cast in favor of such resolution, and the total number of votes cast against such resolution.

Said certificate shall be recorded in the Public Records of Orange County, Florida, and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Village Declaration. Termination of the Village Association shall not have the effect of terminating easements herein provided or granted prior to such termination, or terminating contractual rights created prior to termination which from the context of the contract were meant to survive termination.

Section 15.2. Material Amendments and Extraordinary Actions. The Village Association may amend this Declaration in regard to the matters identified herein as "Material Amendments", or may undertake the actions herein listed as "Extraordinary Actions" only in the following manner.

15.2.1. Material Amendments. The matters listed below are deemed to be material to this Village Declaration, and any proposed amendment concerning such matters shall be deemed to be a "Material Amendment":

a. the manner of determining the basis for assessments or the administration of assessment liens;

- b. any method of imposing or determining any charges to be levied against individual Unit Owners;
- c. reserves for maintenance, repair or replacement of Village Common Area improvements;
- d. maintenance obligations;
- e. allocation of rights to use Village Common Areas;
- f. any scheme of regulation or enforcement of standards for maintenance, architectural design or appearance of improvements on Units;
- g. reduction of insurance requirements;
- h. restoration or repair of Village Common Area improvements;
- i. the addition, annexation or withdrawal of land to or from the project;
- j. voting rights;
- k. restrictions affecting leasing or sale of a Unit; or
- l. any provision which is for the express benefit of Mortgagees, or Eligible Holders.

15.2.2. Extraordinary Actions. The matters listed below are deemed to be extraordinary under this Village Declaration, and any proposed action concerning such matters shall be deemed to be an "Extraordinary Action":

- a. merging or consolidating the Village Association (other than with another non-profit entity formed for purposes similar to the Village Association);
- b. determining not to require professional management, if that management has been required by the Village Association documents, a majority of Eligible Holders or a majority vote of the Members;
- c. expanding the Village Association to include land which increases the overall land area of the project or number of Units by more than 10%;

d. abandoning, partitioning, encumbering, mortgaging, conveying, selling or otherwise transferring or relocating the boundaries of the Village Common Areas (except for (1) granting easements which are not inconsistent with, or which do not interfere with the intended Village Common Area use; (2) dedicating Village Common Area as required by a public authority; (3) limited boundary line adjustments made in accordance with the provisions of this Village Declaration; or (4) transferring Village Common Area pursuant to a merger with a non-profit entity formed for purposes similar to the Association);

e. using insurance proceeds for purposes other than reconstruction or repair of insured improvements;

f. making capital expenditures (other than for repair or replacement of existing improvements) during any period of 12 consecutive months costing more than 20% of the annual operating budget for that period;

g. termination of the Village Declaration or other termination of the planned unit development; or

h. dissolution of the Village Association.

15.2.3. Notice Required for Material Amendment or Extraordinary Action. Written notice of any proposed Material Amendment or Extraordinary Action shall be delivered to each Member at least 30 days in advance of (1) any meeting at which such matter is to be discussed or (2) any action which is to be taken by written approval of the Members in lieu of a meeting. The notice shall state the purpose of the meeting or proposed written approval and shall contain a summary of any Material Amendment or Extraordinary Action to be considered. The notice shall also contain a copy of a proxy that can be cast in lieu of attendance at the meeting. If the Village Association has, or is planned to have, 250 Members or less - the quorum for any such meeting shall be no less than 20% of the total number of votes. If the Village Association has, or is planned to have, more than 250 Members but less than 1000 Members - the quorum for any such meeting shall be no less than 10% of the total number of votes. If the Village Association has, or is planned to have, more than 1000 Members - the quorum for any such meeting shall be no less than 5% of the total number of votes. The foregoing requirements are minimum requirements, however, more stringent requirements imposed elsewhere in this Declaration, or pursuant to applicable laws or regulations shall supersede the requirements contained in this Section and the Village Association shall be bound by such more restrictive requirements as if fully reproduced herein.

15.2.4. Approval Required for Material Amendment or Extraordinary Action. Material Amendments and Extraordinary Actions may be approved by the Members, after receipt of notice as set forth above, either (1) by the affirmative vote of at least 67% of the Class A Members (i.e. all Members except the Declarant and any Builder who retain Class B or Class C status) who are present, in person or by proxy, and voting at the meeting called as described in the notice at which a quorum is present, and the vote of the Declarant, or (2) by the written consent of at least 67% of all Class A Members and the Declarant (if the Declarant then retains Class B status) to any action taken in lieu of a meeting.

15.2.5. Additional Approval Requirements. In addition to the approval of the Members and the Declarant set forth above, the following conditions shall apply:

a. Any Material Amendment or Extraordinary Action that changes the rights of any specific class of Members (i.e. Class A; Class B; or Class C) must also be approved either (1) by the affirmative vote of at least 51% of the Members of such Class who are present, in person or by proxy, and voting at a meeting called as described in the required notice at which a quorum of such Class of Members is present, or (2) by the written consent of at least 51% of all Members of such Class to any action taken in lieu of a meeting.

b. Any Material Amendment or Extraordinary Action proposed during the period in which the Declarant retains its Class B status must also be approved by the Federal Housing Administration ("FHA"), and the Department of Veterans Affairs ("VA") if any Unit within the Properties has been financed by a mortgage insured by FHA or guaranteed by VA. The Village Association shall deliver written notice of the proposed Material Amendment or Extraordinary Action to the FHA and VA simultaneously with its notice to the Members. If the FHA or VA fails to deliver written notice to the Village Association of its objection to the proposed Material Amendment or Extraordinary Action within 30 days after receipt of the notice, FHA and VA will be deemed to have approved the matters contained in the notice, and the Village Association shall be entitled to record an affidavit signed by an authorized officer averring that written notice was delivered to the FHA and VA and no objection was timely received from such agencies.

15.2.6. Notice of Material Amendment or Extraordinary Action. Upon approval of a Material Amendment or Extraordinary Action, the Village Association shall record appropriate written notice thereof in the Public Records of Orange County, Florida, and take all such further action as may be prudent or necessary to implement and carry out the Material Amendment or Extraordinary Action.

Section 15.3. Non-Material Amendments. The Village Association may amend this Village Declaration in regard to all matters, except those identified in Section 15.2 as "Material Amendments", in the following manner.

15.3.1. Amendments by Declarant. During the period in which the Declarant retains the status of the Class "B" Member, Declarant shall have the right to amend this Village Declaration, without the necessity of joinder by Owners or any other persons or entities, to make nonsubstantial changes that do not materially or adversely affect the interests of other Owners or other affected parties, and to clarify any ambiguities or conflicts, or correct any scribes' errors in this Village Declaration.

15.3.2. Amendments by Members - Notice Required for Non-Material Amendment. Written notice of any proposed Non-Material Amendment shall be delivered to each Member at least 30 days in advance of (1) any meeting at which such matter is to be discussed or (2) any action which is to be taken by written approval of the Members in lieu of a meeting. The notice shall state the purpose of the meeting or proposed written approval and shall contain a summary of any Non-Material Amendment to be considered. The notice shall also contain a copy of a proxy that can be cast in lieu of attendance at the meeting. If the Village Association has, or is planned to have, 250 Members or less - the quorum for any such meeting shall be no less than 20% of the total number of votes. If the Village Association has, or is planned to have, more than 250 Members but less than 1000 Members - the quorum for any such meeting shall be no less than 10% of the total number of votes. If the Village Association has, or is planned to have, more than 1000 Members - the quorum for any such meeting shall be no less than 5% of the total number of votes. The foregoing requirements are minimum requirements, however, more stringent requirements imposed elsewhere in this Declaration, or pursuant to applicable laws or regulations shall supersede the requirements contained in this Section and the Village Association shall be bound by such more restrictive requirements as if fully reproduced herein.

15.3.2. Approval Required for Non-Material Amendment. Non-Material Amendments may be approved by the Members, after receipt of notice as set forth above, either (1) by the affirmative vote of at least 51% of the Class A Members (i.e. all Members except the Declarant and any Builder who retain Class B or Class C status) who are present, in person or by proxy, and voting at the meeting called as described in the notice at which a quorum is present, and the vote of the Declarant, or (2) by the written consent of at least 51% of all Class A Members and the Declarant (if the Declarant then retains Class B status) to any action taken in lieu of a meeting.

15.3.3. Notice of Non-Material Amendment. Upon approval of a Non-Material Amendment, the Village Association shall record appropriate written notice

thereof in the Public Records of Orange County, Florida, and take all such further action as may be prudent or necessary to implement and carry out the Non-Material Amendment.

Section 15.4. Assignment of Rights and Duties. Any and all of the rights, powers and reservations of the Village Association and Declarant may be assigned to any person, corporation or association which will assume the duties of the Village Association or Declarant pertaining to the particular rights, powers and reservations assigned. Upon such assignee evidencing its consent in writing to accept such assignment and assume such duties, he or it shall to the extent of such assignment have the same rights and powers and be subject to the same obligations and duties as are herein given to and assumed by the Village Association or Declarant. Further, the Village Association or Declarant may from time to time delegate any and all of its rights, powers, discretion and duties hereunder to such agent or agents as it may nominate.

Section 15.5. Municipal Service Taxing Units. In order to perform the services contemplated by this Village Declaration, the Village Association or Declarant, in conjunction with Orange County, Florida, may seek the formation of special purpose municipal service taxing units ("MSTUs"). The MSTUs will have responsibilities defined in their enabling resolutions which may include, but are not limited to, maintaining roadway informational signs, traffic control signs, benches, trash receptacles and other street furniture, keeping all public roadways and roadside pedestrian easements clean of windblown trash and debris, mowing, payment of electrical charges, maintenance of drainage canals, ponds and structures, maintenance of designated landscape areas, payment of energy charges for street and pedestrian lighting, and other services benefiting the Properties. In the event such MSTUs are formed, the Properties will be subject to assessment for the cost of services performed within the MSTU and personnel working for or under contract with Orange County shall have the right to enter upon lands within the Properties to affect the services contemplated. Each Owner by acquiring lands within the Properties agrees to pay each and every MSTU assessment imposed upon the Owner's land in a timely manner, failing which such assessments and special charges shall be a lien upon those lands. The Village Association retains the right to contract with Orange County to provide the services funded by the MSTUs. Services performed by an MSTU that would otherwise be performed by the Village Association and for which the MSTU imposes assessments on the Owners shall be removed from the Village Association's budget and the Board shall reduce the Annual Maintenance Assessment accordingly.

Section 15.6. Enforcement. Enforcement of these covenants, conditions and restrictions shall be by any proceeding at law or in equity and may be instituted by Declarant, its successors or assigns, the Village Association, its successors or assigns, the Master Association, its successors or assigns, or any Owner against any person or persons violating or attempting to violate or circumvent any covenant, condition or restriction, either

to restrain violation or to recover damages, and against the land and to enforce any lien created by these covenants; and failure by the Village Association or any Owner or Declarant to enforce any covenant, condition or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter. Further, the Village Association shall have the right of self help to cure any violations that remain uncured after any required notice is given.

Section 15.7. Severability. Should any covenant, condition or restriction herein contained, or any Article, Section, subsection, sentence, clause, phrase or term of this Village Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 15.8. Interpretation. The Board shall have the right except as limited by any other provisions of this Village Declaration or the Bylaws to determine all questions arising in connection with this Village Declaration and to construe and interpret its provisions, and its good faith, determination, construction or interpretation shall be final and binding. In all cases, the provisions of this Village Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the maintenance of Village Common Areas and the facilities located thereon.

Section 15.9. Disposition of Village Common Property on Termination of Village Declaration. Should the Members of the Village Association vote not to renew and extend this Village Declaration as provided for herein, all Village Common Property owned by the Village Association at such time shall be transferred to another association or appropriate public agency having similar purposes. If no other association or agency will accept such property then it will be conveyed to a Trustee appointed by the Circuit Court of Orange County, Florida, which Trustee shall sell the Village Common Property free and clear of the limitations imposed hereby upon terms established by the Circuit Court of Orange County, Florida. That portion of the Open Space or Village Common Property consisting of the Surface Water and Storm Water Management System cannot be altered, changed or sold separate from the lands it serves except that Declarant shall be obligated to and shall convey that portion of the Open Space consisting of the Surface Water and Storm Water Management System to the Village Association upon completion and approval of such system by all applicable governmental authorities. The proceeds of such a sale shall first be used for the payment of any debts or obligations constituting a lien on the Village Common Property, then for the payment of any obligations incurred by the Trustee in the operation, maintenance, repair and upkeep of the Village Common Property. The excess of proceeds, if any, from Village Common Property shall be distributed among Owners in

a proportion which is equal to the proportionate share of such Owners in Village Common Expenses.

Section 15.10. Execution of Documents. The Master Plan for the development of Waterford Chase Village as described in the Master Declaration may require from time to time the execution of certain documents required by governmental authorities. To the extent that said documents require the joinder of Owners, Declarant by its duly authorized officers may, as the agent or the attorney-in-fact for the Owners, execute, acknowledge and deliver such documents and the Owners, by virtue of their acceptance of deeds, irrevocably nominate, constitute and appoint Declarant, through its duly authorized officers, as their proper and legal attorneys-in-fact for such purpose. Said appointment is coupled with an interest and is therefore irrevocable. Any such documents executed pursuant to this Section shall recite that it is made pursuant to this Section.

Section 15.11. Indemnification. The Village Association shall indemnify every officer, director, and committee member against any and all expenses, including counsel fees, reasonably incurred by or imposed upon such officer, director or committee member in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member. The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Village Association (except to the extent that such officers or directors may also be Members of the Village Association), and the Village Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director, or committee member, or former officer, director, or committee member may be entitled. The Village Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

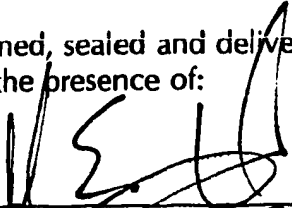
Section 15.12. Prohibited Actions. Notwithstanding anything contained herein to the contrary, the Village Association will perform no act nor undertake any activity which will violate its non-profit status under applicable state or federal law.


Section 15.15. Singular, Plural and Gender. Whenever the context so permits, the use of the singular shall include the plural and the plural shall include the singular, and the use of any gender shall be deemed to include all genders.

Section 15.14. Construction. The provisions of this Village Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the Property.

IN WITNESS WHEREOF, Declarant has executed this Village Declaration the day and year first above written.

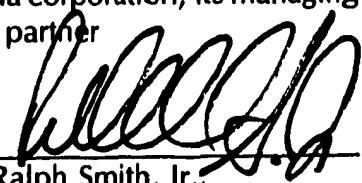
Signed, sealed and delivered
in the presence of:


Print Name: JOHN E. KASSIK


Print Name: John W. Odom

CENTEX HOMES, a Nevada general
partnership

By: Centex Real Estate Corporation,
a Nevada corporation, its managing
general partner

By: 
Ralph Smith, Jr.,
Development Manager for
the Orlando South Division

STATE OF FLORIDA
COUNTY OF ORANGE

The foregoing instrument was acknowledged before me this 18 day of October, 1998, by Ralph Smith, Jr., as Development Manager for the Orlando South Division of Centex Real Estate Corporation, a Nevada corporation, managing general partner of Centex Homes, a Nevada general partnership, who is personally known to me and did not take an oath.


Notary Public, State of Florida

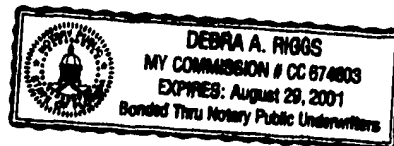


EXHIBIT "A"

LEGAL DESCRIPTION OF THE VILLAGE PROPERTY

All of WATERFORD CHASE VILLAGE, TRACT D, according to the plat thereof as recorded in Plat Book 41, Page 3, Public Records of Orange County, Florida



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

September 1, 1998

GILES & ROBINSON, P.A.
ATTN: HAROLD L. DOWNING
P.O. BOX 2631
ORLANDO, FL 32802

The Articles of Incorporation for BROOKEHAVEN AT WATERFORD HOMEOWNERS ASSOCIATION, INC. were filed on August 28, 1998 and assigned document number N9800005015. Please refer to this number whenever corresponding with this office regarding the above corporation. The certification you requested is enclosed.

PLEASE NOTE: COMPLIANCE WITH THE FOLLOWING PROCEDURES IS ESSENTIAL TO MAINTAINING YOUR CORPORATE STATUS. FAILURE TO DO SO MAY RESULT IN DISSOLUTION OF YOUR CORPORATION.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THIS OFFICE BETWEEN JANUARY 1 AND MAY 1 OF EACH YEAR BEGINNING WITH THE CALENDAR YEAR FOLLOWING THE YEAR OF THE FILING DATE NOTED ABOVE AND EACH YEAR THEREAFTER. FAILURE TO FILE THE ANNUAL REPORT ON TIME MAY RESULT IN ADMINISTRATIVE DISSOLUTION OF YOUR CORPORATION.

A FEDERAL EMPLOYER IDENTIFICATION (FEI) NUMBER MUST BE SHOWN ON THE ANNUAL REPORT FORM PRIOR TO ITS FILING WITH THIS OFFICE. CONTACT THE INTERNAL REVENUE SERVICE TO RECEIVE THE FEI NUMBER IN TIME TO FILE THE ANNUAL REPORT AT 1-800-829-3676 AND REQUEST FORM SS-4.

SHOULD YOUR CORPORATE MAILING ADDRESS CHANGE, YOU MUST NOTIFY THIS OFFICE IN WRITING, TO INSURE IMPORTANT MAILINGS SUCH AS THE ANNUAL REPORT NOTICES REACH YOU.

Should you have any questions regarding corporations, please contact this office at the address given below.

John Nedeau, Document Specialist
New Filing Section

Letter Number: 398A00044975

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of BROOKEHAVEN AT WATERFORD HOMEOWNERS ASSOCIATION, INC., a Florida corporation, filed on August 28, 1998, as shown by the records of this office.

The document number of this corporation is N98000005015.

OR Bk 5640 Pg 169
Orange Co FL 1998-0524927

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
First day of September, 1998



CR2EO22 (2-95)

Sandra B. Mortham

Sandra B. Mortham
Secretary of State

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLES OF INCORPORATION
OF
BROOKEHAVEN AT WATERFORD
HOMEOWNERS ASSOCIATION, INC.

In compliance with the requirements of Chapter 617, Florida Statutes, the undersigned persons do hereby make, subscribe and acknowledge that they have voluntarily associated themselves together for the purpose of forming a corporation not-for-profit, the articles of incorporation of which read as follows. All capitalized words or phrases used herein shall have the meanings herein ascribed, and if not defined in this instrument, such capitalized words or phrases shall have the meanings given in the Declaration of Covenants, Conditions and Restrictions for Brookehaven at Waterford hereinafter identified.

ARTICLE I

NAME

The name of the corporation is BROOKEHAVEN AT WATERFORD HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association" or the "Village Association".

ARTICLE II

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PRINCIPAL OFFICE

The principal office of the Association is located at 151 Southhall Lane, Suite 230, Maitland, Florida 32751.

ARTICLE III

REGISTERED OFFICE AND REGISTERED AGENT

The initial registered office of the Association shall be at 151 Southhall Lane, Suite 230, Maitland, Florida 32751, 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 CENTEX REAL ESTATE CORPORATION (herein referred to as "Centex").

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, will make no distribution of income to its members, directors or officers and the specific purposes for which it is formed are to provide for the ownership, operation, maintenance and preservation of the Common Area, and for the maintenance and

improvement of any easements granted to the Association within the lands identified as BROOKEHAVEN AT WATERFORD (the "Association Properties") pursuant to that certain Declaration of Covenants, Conditions and Restrictions for Brookehaven at Waterford, recorded in the Official Records of Orange County, Florida, (hereinafter called the "Declaration"), and such additional properties as may be added thereto from time to time by annexation or otherwise as provided in the Declaration and in these Articles. The Association is formed to promote the health, safety and welfare of its members and the residents within the Association Properties and any additions thereto as may hereafter be brought within the jurisdiction of this Association, and to:

(a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration which is hereby incorporated into this instrument as is fully reproduced herein;

(b) Fix, levy, collect and enforce payment of, by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) Borrow money, and with the assent of two-thirds (2/3) of the votes of each class of Members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) Dedicate, sell or transfer all or any part of the Common Area to any Public Agency or authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. Such dedication or transfer shall only be effective with the assent of two-thirds (2/3) of the votes of each class of Members, agreeing to such dedication, sale or transfer;

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(f) Participate in mergers and consolidations with other not-for-profit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of the votes of each class of Members; and

(g) Purchase, lease, hold, sell, mortgage or otherwise acquire or dispose of interests in, real or personal property, except to the extent restricted hereby; to contract for the management and maintenance of the Common Area and to authorize a management agent to assist the 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 Area with funds as shall be made available by the Association for such purposes. The Association and

its officers shall, however, retain at all times the powers and duties granted by the Declaration, including but not limited to the making of assessments, promulgation of rules and execution of contracts on behalf of the Association;

(h) Have and to exercise any and all powers, rights and privileges which a corporation organized under the corporation not for profit law of the State of Florida, by law may now or hereafter have to exercise.

ARTICLE V

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Orange Co FL 1998-0524927

MEMBERSHIP

Section 5.1 Every Owner of a Lot or Unit within the lands subjected to the Declaration (as defined in the Declaration), including Centex, shall be a Member of the Association. Memberships in the Association shall be appurtenant to and may not be separated from ownership of any Lot or Unit.

Section 5.2 There shall be three (3) classes of Members as follows:

- (a) *Class A Members.* Class A Members shall be all Owners with the exception of Centex Homes, a Nevada general partnership ("Centex Homes").
- (b) *Class B Members.* The Class B Member shall be Centex Homes or its specifically designated (in writing) successor who shall remain a member so long as it owns a Lot or Unit subject to the Declaration; provided that the Class B membership shall cease and be converted to Class A membership as set forth in Section 6.3 hereof. Centex Homes is referred to in the Declaration and in this instrument as the Declarant.
- (c) *Class C Members.* The Class C Members shall be all Builders owning Units or Lots subject to the Declaration; provided that the Class C membership shall cease and be converted to Class A membership as set forth in Section 6.3 hereof.

ARTICLE VI

VOTING RIGHTS

Section 6.1. Members of the Association shall be allocated votes as follows:

Class A. Each Class A Member shall be entitled to one vote for each Lot or Unit owned. For the purposes of determining voting rights, each Lot or Unit owned by a

Class A Member shall be deemed entitled to one (1) vote regardless of the number of persons sharing common ownership interests.

Class B. The Class B Member shall be allocated three (3) votes for each Lot or Unit owned by it within the Association Properties; provided, that at such time as the Class B membership shall cease and become converted to Class A membership as set forth in Section 6.3, the Declarant shall have one vote for each Unit or Lot owned by it within the Association Properties.

Class C. Class C Members shall have one (1) vote for each Lot or Unit they own in the Association Properties; provided, that at such time as the Class C membership shall cease and become converted to Class A membership as set forth in Section 6.3, the Builders shall have one vote for each Unit or Lot owned by it within the Association Properties.

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Orange Co FL 1998-0524927

Section 6.2. When any Unit or Lot is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership, or in any other manner of joint or common ownership, or if two or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and it, or a copy thereof, is filed with the secretary of the Association, such Owner shall select one official representative to qualify for voting in the Association and shall notify in writing the Secretary of the Association of the name of such individual. The vote allocated to any Unit or Lot (including Units or Lots owned by the Declarant or a Builder) may not be divided or cast in any fraction, and the vote of each official representative shall be considered to represent the will of all the Owners of that Lot or Unit. If the Owners fail to designate their official representative, then the Association may accept the person asserting the right to vote as the voting Owner until notified to the contrary by the other Owner(s). Upon such notification no affected Owner may vote until the Owner(s) appoint their official representative pursuant to this paragraph.

Section 6.3. The Declarant's Class B membership status shall continue, and shall be in effect, during the period from the inception of the Declaration until either (1) seven (7) years from the date the Declaration is recorded; or (2) five (5) years after the date of recording of the last Supplemental Declaration annexing additional property into this Association or to the Master Association, whichever event, (1) or (2) occurs later; or (3) upon recording of a voluntary written notice executed by the Declarant or its duly authorized successor or assignee electing to convert its Class B status to Class A; or (4) if the Declarant's Class B membership status in the Master Association as described in the Master Declaration has been converted to Class A, then, one hundred twenty (120) days after the conveyance of the Unit within this Association to a Class A Member that causes the total number of votes held by all Class A Members of this Association to equal the number of votes in this Association held by the Class B Member, whichever event, (1), (2), (3) or (4), occurs first; provided however, that if Class B status is converted to Class A pursuant to clause (4) and,

subsequent to such event, the Declarant annexes an additional Village to the Master Association or annexes additional Lots to an existing Village which annexation causes the number of Lots or Units owned by the Declarant in all Villages to exceed twenty-five percent (25%) of the total number of Lots and Units within all Villages, Declarant's Class B status shall be restored as to all Lots and Units then owned by Declarant, and shall continue until the next occurrence of an event of conversion described above. For the purposes of these Articles of Incorporation, all Lots and Units owned by the Declarant within the Association Properties shall be included in the determination of Class B status even if Declarant owns fewer than twenty-five percent (25%) of the Lots or Units within any particular Village as defined in the Master Declaration. The rights, privileges and obligations of Class B status shall prevail within all Village Associations, as defined in the Master Declaration, as long as Declarant shall be a Class B Member of the Master Association, even if Declarant owns only one Lot or Unit within such Village Association.

Section 6.4. The Declarant shall have the right to partially assign its status as Declarant and Class B Member by recorded instrument executed by the original Declarant and acknowledged and accepted by the assignee Declarant to any person or entity acquiring any portion of the Property, or the Undeveloped Parcel eligible for annexation into the Property, for the purpose of development of a residential subdivision consistent with the Master Plan, and any such assignee shall thereafter be deemed to be the Declarant as to the Lots or Units owned by such person or entity, and shall have the right to exercise all of the rights and powers of the Declarant as to such Lots and Units, while, at the same time, the original Declarant shall continue to exercise the rights and powers of the Declarant as to all Lots and Units owned by such original Declarant. If any action of the Association, requires the approval, consent or vote of the Declarant, and the original Declarant has partially assigned its rights as Declarant to others pursuant to this paragraph, the consent or vote of all such Declarants shall be required to satisfy the requirement of consent by the Declarant.

ARTICLE VII

BOARD OF DIRECTORS

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Orange Co FL 1998-0324927

Section 7.1 The names and addresses of the members of the first Board of Directors who shall hold office until the annual meeting of the members and until their successors are elected or appointed and have qualified, are as follows:

NAME	ADDRESS
Patrick J. Knight	151 Southhall Lane Suite 230 Maitland, Florida 32751

Ralph Smith, Jr.

151 Southhall Lane
Suite 230
Maitland, Florida 32751

Karoline Matthai

151 Southhall Lane
Suite 230
Maitland, Florida 32751

Section 7.2 The affairs of the Association shall be managed by a Board of Directors as provided in and subject to the requirements of Article IV the Bylaws. Such Board of Directors shall consist of an odd number of directors with a minimum of at least three (3) directors and a maximum of no more than seven (7) directors. Directors need not be Members of the Association and need not be residents of the Association Properties. Each Director shall serve for a term from the date of the meeting at which he is elected until the next annual meeting subject to the provisions governing resignation, death, disability, removal and replacement set forth in the Declaration, Bylaws and this instrument.

ARTICLE VIII

AMENDMENTS

DR Bk 5640 Pg 175
Orange Co FL 1998-0524927

Section 8.1 Proposal. An amendment or amendments to these Articles of Incorporation may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors, or by a majority of the Members of the Association, whether meeting as Members or by instrument in writing signed by them. Upon any amendment or amendments to these Articles of Incorporation being proposed by the Board of Directors or Members, such proposed amendment or amendments shall be transmitted to the President of the Association, or the acting chief executive officer in his absence, and a Meeting of the Members of the Association shall be called not later than sixty (60) days from the receipt by him of the proposed amendment or amendments.

Section 8.2 Notice. It shall be the duty of the Secretary to give each Member written notice of such meeting, stating the proposed amendment or amendments in reasonably detailed form, which notice shall be prepared by and at the expense of the Village Association and mailed by the Village Association or presented personally to each Member not less than thirty (30) days nor more than sixty (60) days before the date set for the meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail, addressed to the Member at his post office address as it appears on the records of the Association, with postage thereupon prepaid. Any Member may, by written waiver of notice signed by such Member, waive such notice, and such waiver when filed in the records of the Village Association, whether before, during or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such Member. The notice shall also contain a copy of a proxy that can be cast in lieu of attendance at the meeting. If the Village Association has, or is planned to have, 250 Members or less - the

quorum for any such meeting shall be no less than 20% of the total number of votes. If the Village Association has, or is planned to have, more than 250 Members but less than 1000 Members - the quorum for any such meeting shall be no less than 10% of the total number of votes. If the Village Association has, or is planned to have, more than 1000 Members - the quorum for any such meeting shall be no less than 5% of the total number of votes. The foregoing requirements are minimum requirements, however, more stringent requirements imposed elsewhere in these Articles of Incorporation or in the Declaration, or pursuant to applicable laws or regulations shall supersede the requirements contained in this Section and the Association shall be bound by such more restrictive requirements as if fully reproduced herein.

Section 8.3 Resolution. At the meeting at which the amendment is to be proposed and considered, a resolution for the adoption of the proposed amendment may be made by any member of the Board of Directors of the Association, or by any Member of the Association, present in person or by proxy. The approval of a resolution for the adoption of a proposed amendment to these Articles of Incorporation shall require the affirmative vote of a majority of the members of the Board of Directors of the Association.

Section 8.4 Approval. Amendments may be approved by the Members, after receipt of notice as set forth above, either (1) by the affirmative vote of at least 67% of the Class A Members (i.e. all Members except the Declarant and any Builder who retain Class B or Class C status) who are present, in person or by proxy, and voting at a meeting called as described in the notice and conducted by the Village Association at which a quorum is present, and the vote of the Declarant, or (2) by the written consent of at least 67% of all Class A Members and the Declarant (if the Declarant then retains Class B status) to any action taken in lieu of a meeting. In addition to the approval of the Members and the Declarant set forth above, the following conditions shall apply:

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a. Any Material Amendment or Extraordinary Action (as defined in the Declaration) that changes the rights of any specific class of Members (i.e. Class A; Class B; or Class C) must also be approved either (1) by the affirmative vote of at least 51% of the Members of such Class who are present, in person or by proxy, and voting at meetings called as described in the required notice at which a quorum of such Class of Members is present, or (2) by the written consent of at least 51% of all Members of such Class to any action taken in lieu of a meeting.

b. Any Material Amendment or Extraordinary Action proposed during the period in which the Declarant retains its Class B status must also be approved by the Federal Housing Administration ("FHA"), and the Department of Veterans Affairs ("VA") if any Unit within the Properties has been financed by a mortgage insured by FHA or guaranteed by VA. The Association shall deliver written notice of the proposed Material Amendment or Extraordinary Action to the FHA and VA simultaneously with its notice to the Members. If the FHA or VA fails to deliver written notice to the Association of its objection to the proposed Material Amendment or Extraordinary Action within 30 days

after receipt of the notice, FHA and VA will be deemed to have approved the matters contained in the notice, and the Association shall be entitled to record an affidavit signed by an authorized officer averring that written notice was delivered to the FHA and VA and no objection was timely received from such agencies.

Notwithstanding the foregoing, during the period in which the Declarant retains the status of the Class "B" Member, the Declarant shall have the right to amend these Articles of Incorporation, without the necessity of joinder by the Members or any other persons or entities, to make nonsubstantial changes that do not materially or adversely affect the interests of other Members or other affected parties, and to clarify any ambiguities or conflicts, or correct any scriveners' errors in these Articles of Incorporation.

Section 8.5 Limitation. No amendment shall make any changes in the qualification for membership nor in the voting rights or property rights of Members, nor any changes in the provisions of Article IV hereof, without approval of sixty-seven percent (67%) of the votes of each class of Members and the joinder of all Eligible Holders (as defined in the Declaration) of mortgages upon Units. No amendment shall be made that is in conflict with the Declaration, nor shall any amendment make any changes which would in any way affect any of the rights, privileges, powers or options herein provided in favor of or reserved to the Declarant, or the designated successor of the Declarant, unless the Declarant or such successor shall join in the execution of the amendment.

Section 8.6 Recording. Any amendment or amendments of these Articles of Incorporation shall be transcribed and certified in such form as may be necessary to file the same in the office of the Secretary of State of the State of Florida. A certified copy of each amendment of these Articles of Incorporation shall be recorded in the Public Records of Orange County, Florida, within thirty (30) days from the date on which the same is filed and returned from the office of the Secretary of State.

ARTICLE IX

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Orange Co FL 1998-0524927

OFFICERS

The affairs of the Association will be administered by the officers designated in the Bylaws of the Association. Said officers will be elected by the Board of Directors at its first meeting following the annual meeting of Members of the Association and will serve at the pleasure of the Board of Directors. The names and addresses of the Officers who are to manage the affairs of the Association until the annual meeting of the Board of Directors and until their successors are duly elected and qualified are:

PRESIDENT - Patrick Knight
VICE PRESIDENT - Ralph Smith, Jr.
SECRETARY - Karoline Matthai
TREASURER - Karoline Matthai

ARTICLE X INDEMNIFICATION

Section 10.1 Indemnity. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he is or was a Director, employee, officer or agent of the Association, against expenses (including attorneys fees and appellate attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceedings, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceedings, has no reasonable cause to believe his conduct was unlawful, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or misfeasance or malfeasance in the performance of his duty to the Association, unless and only to the extent that the Court in which such action or suit was brought shall determine upon application that despite the adjudication of liability, but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such Court shall deem proper. The termination of any action, suit or 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 and in a manner which he reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

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Orange Co FL 1998-0524927

Section 10.2 Expenses. To the extent that a Director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 10.1 above, or in defense of any action, suit or proceeding referred to in Section 10.1 above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees and appellate attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 10.3 Approval. Any indemnification under Section 10.1 above (unless ordered by a Court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Directors, officers, employees or agent is proper under the circumstances because he has met the applicable standard of conduct set forth in Section 10.1 above. 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 action, suit or proceeding, or (b) if such quorum is not obtainable, or, even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or by a majority of the Members.

Section 10.4 Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition or such

action, suit or proceeding as authorized by the Board of Directors in any specific case upon receipt of an undertaking by or on behalf of the affected Director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article X.

Section 10.5 Miscellaneous. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaw, agreement, vote of Members or otherwise, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs and personal representatives of such person.

Section 10.6 Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association, as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article.

ARTICLE XI

DR Bk 5640 Pg 179
Orange Co FL 1998-0524927

BYLAWS

The first Bylaws of the Association will be adopted by the Directors named herein, and may be altered, amended, or rescinded in the manner provided by said Bylaws. Any Bylaws adopted by the Board of Directors shall be consistent with these Articles.

ARTICLE XII

**TRANSACTIONS IN WHICH DIRECTORS OR OFFICERS
ARE INTERESTED**

Section 12.1 No contract or transaction between the Association and one or more of its Directors or officers, or between the Association and any other corporation, partnership, or Association, or other organization in which one or more of its Directors or officers are Directors or officers have a financial interest, shall be invalid, void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board or committee thereof which authorized the contract or transaction, or solely because his or their votes are counted for such purpose. No Director or officer of the Association shall incur liability by reason of the fact that he is or may be interested in any such contract or transaction.

**CERTIFICATE DESIGNATING PLACE OF BUSINESS
FOR SERVICE OF PROCESS WITHIN THIS STATE,
NAMING AGENT UPON WHOM PROCESS MAY BE SERVED**

Pursuant to Chapter 48.091, Florida Statutes, the following is submitted in compliance with said Act:

That, **BROOKEHAVEN AT WATERFORD HOMEOWNERS ASSOCIATION, INC.**, desiring to organize under the laws of the State of Florida, with its principal offices at 151 Southhall Lane, Suite 230, Maitland, Florida 32751, has named **CENTEX REAL ESTATE CORPORATION**, whose office is located at 151 Southhall Lane, Suite 230, Maitland, Florida 32751, as its agent to accept service of process within the State.

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Orange Co FL 1998-0524927

ACKNOWLEDGMENT

Having been named to accept service of process for the above stated corporation, at the place designated in this Certificate, **CENTEX REAL ESTATE CORPORATION** hereby accepts to act in this capacity, and agrees to comply with the provisions of said Act relative to keeping open said office.

CENTEX REAL ESTATE CORPORATION

By: *Patrick J. Knight*
Patrick J. Knight, Division President

Date: August 18, 1998

FILED
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Section 12.2 Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorized the contract or transaction.

OR Bk 5640 Pg 181
Orange Co FL 1998-0524927

ARTICLE XIII

SUBSCRIBER

The name and address of the subscriber to these Articles of Incorporation is:

CENTEX REAL ESTATE CORPORATION
151 Southhall Lane
Suite 230
Maitland, Florida 32751

ARTICLE XIV

DISSOLUTION

The Association may be dissolved with the assent given by not less than two-thirds (2/3) of the votes of each Class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be disposed of or transferred to another association or appropriate public agency having similar purposes. Dissolution of the Association shall be deemed an Extraordinary Action and shall be subject to the provisions of these Articles of Incorporation and the Declaration governing Extraordinary Actions.

IN WITNESS WHEREOF, the undersigned subscriber has executed these Articles of Incorporation this 18th day of August, 1998.

CENTEX REAL ESTATE CORPORATION

By: Patrick J. Knight
Patrick J. Knight, Division President

EXHIBIT "C"

FORM OF BYLAWS OF THE
BROOKEHAVEN AT WATERFORD CHASE
HOMEOWNERS ASSOCIATION, INC.

BYLAWS OF
BROOKEHAVEN AT WATERFORD
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

GENERAL PLAN OF OWNERSHIP

Section 1. Name. The name of the corporation is BROOKEHAVEN AT WATERFORD HOMEOWNERS ASSOCIATION, INC., a Florida corporation, and is hereafter referred to as the "Association" or "Village Association". The principal office of the corporation shall be located in the State of Florida.

Section 2. Bylaws Applicability. The provisions of these Bylaws are applicable to the Association created pursuant to the Declaration of Covenants, Conditions and Restrictions for Brookehaven at Waterford recorded in the Official Records of Orange County, Florida (herein referred to as the "Declaration"). All capitalized words or phrases used herein shall have the meanings herein ascribed, and if not defined in this instrument, such capitalized words or phrases shall have the meanings given in the Declaration or Articles of Incorporation of the Association.

Section 3. Personal Application. All present and future Owners of Lots or Units within the Association Properties (as defined in the Articles of Incorporation and Declaration of the Association) and their tenants, guests and invitees are subject to the regulations set forth in these Bylaws.

The recording of a declaration authorizing the creation of a homeowners association and the mere acquisition of a Lot or acquisition or rental of any Unit or the mere act of occupancy of any Unit signify that these Bylaws are accepted, ratified, and will be complied with.

ARTICLE II

MEMBERSHIP, VOTING RIGHTS, MAJORITY
OF QUORUM, QUORUM, PROXIES

Section 1. Membership. Every Owner of a Unit or Lot, and every Builder owning any Unit or Lot, by virtue of the ownership of such Unit or Lot, and the Declarant and its successors and assigns, shall be Members of the Association, and by acceptance of a deed or other instrument evidencing an ownership interest, each Owner, Builder and Declarant accepts membership in the Association, acknowledges the authority of the Association as herein stated,

and agrees to abide by and be bound by the provisions of the Declaration, the Articles of Incorporation, these Bylaws and other rules and regulations of the Association. The term "Member" shall include each person or entity owning any right, title or interest in any Unit or Lot, except persons or entities holding mortgages or other security or trust interests unless such persons or entities also have the right of possession. Tenants or others occupying any Unit who do not have an ownership interest therein shall not be Members for the purposes of these Bylaws. Membership in the Association is appurtenant to, and may not be severed from, the Unit or Lot. The rights and obligations of a Member may not be assigned or delegated except as provided in the Declaration, the Articles of Incorporation or these Bylaws of the Association, and shall automatically pass to the successor-in-interest of any Owner upon conveyance of such Owner's interest in the Lot or Unit. Members shall be responsible for compliance with the terms and conditions of the Declaration, the Articles of Incorporation and these Bylaws, and rules and regulations of the Association by all occupants, tenants, guests, invitees and family members while residing in or visiting any Unit, Common Area or other portion of the Property.

Section 2. Villages; Village Associations; and Voting Rights.

2.1. The Master Property described in the Master Declaration of Covenants, Conditions and Restrictions for Waterford Chase Village (herein referred to as the "Master Declaration") will be developed in stages or phases that will be designated as separate Villages for the purposes of the Master Association. Each Lot or Unit subject to the Master Declaration will be situated within a Village. Each Village will contain Lots or Units sharing common facilities and having similar interests. Brookehaven at Waterford is a Village as defined in the Master Declaration, and Brookehaven at Waterford Homeowners Association, Inc. is a Village Association. The Lots and Units within Brookehaven at Waterford are be subject to the Declaration. The Owner of each Lot or Unit will be a member of the Association as well as a Member of this Master Association. The Village Association is subordinate to this Master Association and is responsible for performing the services and obligations imposed on it by the Master Association pursuant to the governing documents.

2.2. The Village Association shall exercise the voting rights herein established on behalf of all Members whose Units or Lots are within the jurisdiction of such Village Association. On all matters requiring the votes of Members as may be described in the Declaration, or in the Articles of Incorporation or Bylaws, such votes shall be conducted by the Village Association.

2.3. Members of the Association shall be allocated votes as follows:

Class A. Class A Members shall be all Owners with the exception of the Declarant and any Builders. Each Class "A" Member shall be entitled to one vote for each Lot or Unit owned.

Class B. The Class B Member shall be the Declarant, or its specifically designated (in writing) successor. The Class B Member shall be allocated three (3) votes for each Lot or Unit owned by it within the Property which is subject to assessment by this Association; provided, that the Class B membership shall cease and become converted to Class A membership as set forth in Section 4. Upon conversion to Class A membership, the Declarant shall have one vote for each Unit or Lot owned by it within the Property so long as said Unit or Lot is subject to assessment by the Association.

Class C. All Builders, as defined herein, shall be Class C Members. Class C Members shall have one (1) vote for each Lot or Unit they own in the Property.

2.4. When any Unit or Lot is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership, or in any other manner of joint or common ownership, or if two or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and it or a copy thereof is filed with the secretary of the Village Association, such Owner shall select one official representative to qualify for voting in the Village Association and shall notify in writing the Secretary of the Village Association of the name of such individual. The vote allocated to any Unit or Lot (including Units or Lots owned by the Declarant or a Builder) may not be divided or cast in any fraction, and the vote of each official representative shall be considered to represent the will of all the Owners of that Lot or Unit. If the Owners fail to designate their official representative, then the Village Association may accept the person asserting the right to vote as the voting Owner until notified to the contrary by the other Owner(s). Upon such notification no affected Owner may vote until the Owner(s) appoint their official representative pursuant to this paragraph.

Section 3. Change of Membership.

3.1. Change of membership in the Association shall be established by recording in the Public Records of Orange County, Florida, a deed or other instrument conveying record fee title to any Lot or Unit, and by the delivery to the Village Association, of a copy of such recorded instrument. The Owner designated by such instrument shall, by acceptance of such instrument, become a Member of the Village Association, and the membership of the prior Owner shall be terminated. In the event that a copy of said instrument is not delivered to the Village Association, said Owner shall become a Member, but shall not be entitled to voting privileges until delivery of a copy of the conveyance instrument to the Village Association. The foregoing shall not, however, limit the Association's powers or privileges and the new Owner shall be liable for accrued and unpaid fees and assessments attributable to the Lot or Unit acquired.

3.2. The interest, if any, of a Member in the funds and assets of the Association shall not be assigned, hypothecated or transferred in any manner except as an appurtenance to the Owner's real property. Membership in the Association by all Owners shall be compulsory and shall continue, as to each Owner, until such time as such Owner of record transfers or conveys his interest in the real property upon which his membership is based or until said interest is transferred or conveyed by operation of law, at which time the membership shall automatically be conferred upon the transferee. Membership shall be appurtenant to, run with, and shall not be separated from the real property interest upon which membership is based.

Section 4. Class B Membership Status.

4.1. The Declarant's Class B membership status shall continue, and shall be in effect, during the period from the inception of the Village Declaration until either (1) seven (7) years from the date the Village Declaration is recorded; or (2) five (5) years after the date of recording of the last Supplemental Declaration annexing additional property into the Village Association, whichever event, (1) or (2) occurs later; or (3) upon recording of a voluntary written notice executed by the Declarant or its duly authorized successor or assignee electing to convert its Class B status to Class A; or (4) in any event, one hundred twenty (120) days after the

conveyance of the Unit to a Class A Member that causes the total number of votes held by all Class A Members of this Village Association to equal the number of votes in the Village Association held by the Class B Member, whichever event, (1), (2), (3) or (4), occurs first; provided however, that if Class B status is converted to Class A pursuant to clause (4) and, subsequent to such event, the Declarant annexes additional Lots to the Village Properties which annexation causes the number of Lots or Units owned by the Declarant in the Village Properties to exceed twenty-five percent (25%) of the total number of Lots and Units within the Village Properties, Declarant's Class B status shall be restored as to all Lots and Units within the Village Properties then owned by Declarant, and shall continue until the next occurrence of an event of conversion described above. Notwithstanding the foregoing, the rights, privileges and obligations of Class B status shall prevail within all Village Associations as long as Declarant shall be a Class B Member of this Master Association, even if Declarant owns only one Lot or Unit within such Village Association.

4.2. The Declarant shall have the right to partially assign its status as Declarant and Class B Member by recorded instrument executed by the original Declarant and acknowledged and accepted by the assignee Declarant to any person or entity acquiring any portion of the Property, or the adjacent land eligible for annexation into the Property, for the purpose of development of a residential subdivision consistent with the Master Plan, and any such assignee shall thereafter be deemed to be the Declarant as to the Lots or Units owned by such person or entity, and shall have the right to exercise all of the rights and powers of the Declarant as to such Lots and Units, while, at the same time, the original Declarant shall continue to exercise the rights and powers of the Declarant as to all Lots and Units owned by such original Declarant. If any action of the Village Association requires the approval, consent or vote of the Declarant, and the original Declarant has partially assigned its rights as Declarant to others pursuant to this paragraph, the consent or vote of all such Declarants shall be required to satisfy the requirement of consent by the Declarant.

Section 5. Majority of Quorum. Unless otherwise expressly provided in these Bylaws or the Declaration any action which may be taken by the Association may be taken by a majority of a quorum of the Members of the Association.

Section 6. Quorum. Each Village Association meeting required by the Master Association pursuant to the Master Declaration shall require the presence, either in person or by proxy, of a quorum of the members of the Village Association. If the Village Association has, or is planned to have, 250 Members or less - the quorum for any such meeting shall be no less than 20% of the total number of votes. If the Village Association has, or is planned to have, more than 250 Members but less than 1000 Members - the quorum for any such meeting shall be no less than 10% of the total number of votes. If the Village Association has, or is planned to have, more than 1000 Members - the quorum for any such meeting shall be no less than 5% of the total number of votes. The foregoing requirements are minimum requirements, however, more stringent requirements imposed elsewhere in these Bylaws or in the Articles of Incorporation or in the Declaration, or pursuant to applicable laws or regulations shall supersede the requirements contained in this Section, and the Association shall be bound by such more restrictive requirements as if fully reproduced herein.

Section 7. Proxies. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary at least twenty-four (24) hours before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed, and upon conveyance by the Member of his Unit.

ARTICLE III

ADMINISTRATION

Section 1. Place of Meetings of Members. Meetings of the Members shall be held within the Association Properties or such other suitable place as close thereto as practicable in Orange County, convenient to the Owners as may be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the Members shall be held on the date at the place and at that the time, as determined by the Board of Directors, provided, however, that said meeting shall be held, to the extent possible, within one (1) year from the date of incorporation of the Association. Thereafter, the annual meeting of the Association shall be held on the anniversary date of the first annual meeting; provided, however, that should the anniversary date fall on a legal holiday, then such annual meeting of the Members shall be held on the next day thereafter which is not a legal holiday. Subject to the provisions of Article IV, Section 1 herein, at each annual meeting there shall be elected by ballot of the Members a Board of Directors, in accordance with the requirements of Section 5 of Article IV of these Bylaws. At the first annual meeting, the Directors shall be elected to serve until the second annual meeting, and at the second annual meeting, Directors shall be elected for a term of one (1) year beginning with the second annual meeting. Unless a Director resigns before the expiration of his term of office, each Director shall hold his office until his successor has been elected and the first meeting involving such successor is held. The term of office of any Director elected to fill a vacancy created by the resignation of his predecessor shall be the balance of the unserved term of his predecessor. The Members may also transact such other business of the Association as may properly come before them. Each First Mortgagee of a Unit may designate a representative to attend all annual meetings of the Members.

Section 3. Special Meetings of Members. Special meetings of the Members may be called at any time by the President or by a majority of a quorum of the Board of Directors, or upon a petition signed by Class A Members holding at least ten percent (10%) of the voting power of the Class A Members having been presented to the Secretary. Notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

No business shall be transacted at a special meeting except as stated in the notice, unless by consent of those Members holding at least four-fifths (4/5) of the voting power of the Association, either in person or by proxy. Each First Mortgagee of a Unit may designate a representative to attend all special meetings of the Members.

Section 4. Notice of Meetings of Members. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of Members stating the purpose thereof as well as the day, hour, and place where it is to be held, to each Member of record and to each First Mortgagee of a Unit which has filed a written request for notice with the Secretary, at least fourteen (14) but not more than sixty (60) days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, after said notice has been deposited in a regular depository of the United States mail. If no address has been furnished to the Secretary, notice shall be deemed to have been given to a Member if posted in a conspicuous place on the Common Property.

Section 5. Adjourned Meetings. If any proposed meeting cannot be organized because a quorum has not been attained, the Members who are present, either in person or by proxy, may

adjourn the meeting from time to time until a quorum is present, provided notice of the newly scheduled meeting is given in the manner required for the giving of notice of a meeting. Proxies given for the adjourned meeting shall be valid for the newly scheduled meeting unless revoked for reasons other than the new date of the meeting.

Section 6. Order of Business. The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of election; (g) election of Directors; (h) unfinished business; and (i) new business. Meetings of Members shall be conducted by the officers of the Association in order of their priority.

Section 7. Action Without Meeting. Any action, which under the provisions of Florida law may be taken at a meeting of the Members, may be taken without a meeting if authorized by a writing signed by the required number of Members who would be entitled to vote at a meeting for such purpose, and such writing is filed with the Secretary.

Section 8. Consent of Absentees. The transaction of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 9. Minutes, Presumption of Notice. Minutes or similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number, Term and Qualifications. The affairs of this Association shall be governed by a Board of Directors composed of no fewer than three (3) nor more than seven (7) persons as is determined from time to time by the Members. The term of each Director's service shall extend until the next annual meeting of the Members, and thereafter until his successor is duly elected and qualified, or until he is removed in the manner provided in Section 3 below.

Section 2. Powers and Duties. The Board of Directors has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done exclusively by the Members.

Section 3. Special Powers and Duties. Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Declaration and Articles of Incorporation, the Board of Directors is vested with, and responsible for, the following powers and duties:

- (a) To select, appoint, and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Declaration and these Bylaws; to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.
- (b) To conduct, manage and control the affairs and business of the Association, and to make and enforce such rules and regulations therefor consistent with law, with the Articles of Incorporation, the Declaration, and these Bylaws, as the Board may deem necessary or advisable.
- (c) To change the principal office for the transaction of the business of the Association from one location to another with the State of Florida as provided in Article I hereof; to designate any place within said State for the holding of any annual or special meeting or meetings of Members consistent with the provisions of Article III, Section 2 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board, in its sole judgment may deem best, provided that such seal shall at all times comply with the provisions of law.
- (d) To borrow money and to incur indebtedness for the purposes set forth in the Declaration, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges hypothecations or other evidences of debt and securities therefor.
- (e) To fix and levy from time to time, Assessments upon the Owners, as provided in the Declaration; to determine and fix the due date for the payment of such Assessments, and the date upon which the same shall become delinquent; provided, however, that such Assessments shall be fixed and levied only to provide for the general benefit and welfare of the Association and its Members in accordance with the provisions of the Declaration. The Board of Directors is hereby authorized to incur any and all such expenditures for any of the foregoing purposes and to provide, or cause to be provided, adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Association or welfare of its Members. Disbursements from such trust reserve fund shall be made only in accordance with the provisions of the Declaration. Should any Owner fail to pay such Assessments before delinquency, the Board of Directors in its discretion is authorized to enforce the payment of such delinquent assessments as provided in the Declaration.
- (f) To enforce the provisions of the Declaration covering the Common Area, and areas on which the Association has an easement (the "Easement Areas"), these Bylaws or other agreements of the Association.
- (g) To contract for and pay fire, casualty, errors and omissions, blanket liability, malicious mischief, vandalism, and other insurance, insuring the Members, the Owners, the Association, the Declarant, the Board of Directors and other interested parties, in accordance with the provisions of the Declaration, covering and protecting against such damages or injuries as the Board deems advisable, which may include without limitation, medical expenses of persons injured on

the Common Area and Easement Areas, and to bond the agents and employees of any management body, if deemed advisable by the Board. The Board shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board on behalf of the Association.

- (h) To contract for and pay maintenance, gardening, utilities, materials and supplies, and services relating to the Common Area, public areas, and Easement Areas and to employ personnel necessary for the operation of the Common Area, public areas and Easement Areas, including legal and accounting services, and to contract for and pay for improvements to the Common Area, public areas and Easement Areas.
- (i) To delegate its powers according to law, and subject to the approval of the Members, to adopt these Bylaws.
- (j) To grant easements where necessary for utilities and sewer facilities over the Common Area to serve the Association.
- (k) To fix, determine and name from time to time, if necessary or advisable, the public agency, fund, foundation or corporation which is then or there organized or operated for charitable purposes, to which the assets of this Association shall be distributed upon liquidation or dissolution, according to the Articles of Incorporation of the Association. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association, and after distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.
- (l) To adopt such uniform and reasonable rules and regulations as the Board may deem necessary for the management of the Common Area and Easement Areas which rules and regulations shall become effective and binding after (1) they are adopted by a majority of the Board at a meeting called for that purpose, or by the written consent of such number of Directors attached to a copy of the rules and regulations of the Association, and (2) they are posted in a conspicuous place in or near the Common Area. For so long as the Declarant enjoys Class B Membership status, such rules and regulations shall not materially adversely affect the rights, privileges or preferences of any Member or owner as established by the Association, the Articles of Incorporation of the Association and these Bylaws and such rules and regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles of Incorporation and these Bylaws.

Section 4. Management Agent. The Board shall have the option to employ a managing agent to manage the Common Area and Easement Areas and the affairs of the Association. The managing agent shall perform such duties and services as the Board shall authorize.

Section 5. Election and Term of Office. Subject to the provisions of Article IV, Section 1 herein, at the first annual meeting of the Association, and thereafter at each annual meeting of the Members, Directors shall be elected by secret written ballot by a plurality of Members as provided in these Bylaws, each Member voting being entitled to cast its votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting. In the event that an annual meeting is not held, or the Board is not elected thereat, the Board may be elected

at a special meeting of the Members held for that purpose. Each Director shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. Any person serving as a Director may be reelected, and there shall be no limitation on the number of terms during which he may serve.

Section 6. Books, Audit. The Board of Directors shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Association in manner consistent with generally accepted accounting principles, and at no greater than annual intervals shall obtain an independent audit of such books and records. A copy of each such audit shall be delivered to a Member within sixty (60) days after the completion of such audit upon written request from a Member.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and such person so elected shall be a Director until a successor is elected at the next annual meeting of the Members of the Association, or a special meeting of the Members called for that purpose. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director, or in case the Members fail to elect the full number of authorized Directors at any meeting at which such election is to take place.

Section 8. Removal of Directors. At any regular or special meeting of the Members duly called, any one or more of the Directors may be removed with or without cause by a majority vote of the Members of the Association, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. If any or all of the Directors are so removed, new Directors may be elected at the same meetings.

Section 9. Organization Meeting. The first regular ("organization") meeting of a newly elected Board of Directors shall be held within ten (10) days of election of the Board, at such place as shall be fixed and announced by the Directors at the meeting at which such Directors were elected, for the purpose of organization, election of officers and the transaction of other business. No notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

Section 10. Other Regular Meeting. Other regular meetings of the Board of Directors may be held at such time and place in or near the Association Properties as shall be determined, from time to time by a resolution adopted by a majority of a quorum of the Directors; provided, however, that such meeting shall be held no less frequently than annually. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least seventy-two (72) hours prior to the date named for such meeting, and shall be posted at a prominent place or places within the Common Area.

Section 11. Special Meeting. Special meetings of the Board of Directors may be called by the President (or, if he is absent or refused to act, by the Vice President) or by any two (2) Directors. At least seventy-two (72) hours notice shall be given to each Director personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and the purpose of the meeting, and shall be posted at a prominent place or places in or near the Association Properties. If served by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Association, and shall be deemed given, if not actually

received earlier, at 5:00 P.M. on the second day after it is deposited in a regular depository of the United States mail as provided herein. Whenever any Director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Director, as required by law and as provided herein.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. The transactions of any meeting of the Board, however, called and notice or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the Directors not present signs such a written waiver of notice, a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 13. Quorum and Adjournment. Except as otherwise expressly provided herein, at all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Action Without Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the vote or written consent of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 15. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 16. Committees. The Board of Directors by resolution may from time to time designate such committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its Members, as well as a chairman, shall state the purposes of the committee, and shall provide for reports, termination, and other administrative matters as deemed appropriate by the Board.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as in their judgment may be necessary. Officers other than the President

and Vice President need not be Directors. The office of Secretary and Treasurer may be held by the same person, but the office of President and Secretary may not be held by the same person.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the Organization Meeting of each new Board of Directors, and each officer shall hold his office until he shall resign or be removed or otherwise disqualified to serve, or his successor shall be elected and qualified to serve.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the entire Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

Section 4. Compensation. Officers, agents, and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board. Appointment of any officer, agent or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent, or employee, provided that no officer, employee or Director of Declarant or any affiliate of Declarant may receive any compensation.

Section 5. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power, subject to the provisions of Article IV, Section 16, to appoint committees from among the members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business of the Association. The President shall be ex-officio a member of all standing committees, and he shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws of the Association.

Section 6. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, disabled, refuses or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or these Bylaws of the Association.

Section 7. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association at the principal office of the Association or at such other places as the Board of Directors may order. The Secretary shall keep the seal of the Association in safe custody and shall have charge of such books and papers as the Board of Directors may direct; and the Secretary shall, in general perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notice of meetings of the Members of the Association and of the Board of Directors required by these Bylaws or by law to be given. The Secretary shall maintain a book of record Owners, listing the names and addresses of the Owners as furnished by the Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Unit is presented to the

Secretary. The Secretary shall perform such other duties as may be prescribed by the Board of Directors.

Section 8. Treasurer. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records and business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall co-sign all checks and promissory notes on behalf of the Association. The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, in accordance with the Declaration, shall render to the President and Directors, upon request, an account of all of his transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

ARTICLE VI

OBLIGATIONS OF OWNERS FOR ASSESSMENTS

Section 1. Payment. The Association shall obtain funds with which to operate by assessment of the members of each Member in accordance with the provisions of the Declaration as supplemented by the provisions of the Articles of the Association relating thereto. Said assessments shall be payable monthly, in advance, without notice, and shall be due on the first day of each month. Unless otherwise required by the Board, assessments may not be made payable less frequently than monthly.

Section 2. Special Assessments. Special Assessments for charges by the Association against Members for other than Common Expenses or for Common Expenses for emergencies that cannot be paid from the annual Assessments for Common Expenses shall be levied in the same manner as herein provided for regular Assessments, except that notice thereof shall be given and they shall be payable in the manner determined by the Board.

Section 3. Past Due Assessments. Assessments and installments thereon not paid when due shall bear interest from the date when due until paid at the rate set forth in the Declaration and shall result in the filing of a claim of lien as set forth in the Declaration.

Section 4. Default. As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessment, if not paid within thirty (30) days after the due date, shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Unit.

ARTICLE VII

AMENDMENTS TO BYLAWS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors (the "Board") of the Association by resolutions adopted by a majority vote of the Directors present at any regular or special meeting of the Board at which a quorum is present or, in the alternative, by a written instrument signed by a majority of the Board, or by the vote of a majority of a quorum of Members present in person or by proxy at a special or regular meeting of the Members or by written instrument signed by them. Such proposed amendment or amendments shall be transmitted to the President of the Association, or the acting chief executive officer in the absence of the President, who shall thereupon call a Special Meeting of the Members of the Association not later than sixty (60) days from the receipt by him of the proposed amendment or amendments.

Section 2. Notice. It shall be the duty of the Secretary to give each Member written notice of such meeting, stating the proposed amendment or amendments in reasonably detailed form, which notice shall be prepared by and at the expense of the Village Association and mailed by the Village Association or presented personally to each Member not less than thirty (30) days nor more than sixty (60) days before the date set for the meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail, addressed to the Member at his post office address as it appears on the records of the Association, with postage thereupon prepaid. Any Member may, by written waiver of notice signed by such Member, waive such notice, and such waiver when filed in the records of the Village Association, whether before, during or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such Member. The notice shall also contain a copy of a proxy that can be cast in lieu of attendance at the meeting.

Section 3. Resolution. At the meeting at which the amendment is to be proposed and considered, a resolution for the adoption of the proposed amendment may be made by any member of the Board of Directors of the Association, or by any Member of the Association, present in person or by proxy. The approval of a resolution for the adoption of a proposed amendment to these Bylaws shall require the affirmative vote of a majority of the members of the Board of Directors of the Association.

Section 4. Approval. Amendments may be approved by the Members, after receipt of notice as set forth above, either (1) by the affirmative vote of at least 67% of the Class A Members (i.e. all Members except the Declarant and any Builder who retain Class B or Class C status) who are present, in person or by proxy, and voting at a meeting called as described in the notice and conducted by the Village Associations at which a quorum is present, and the vote of the Declarant, or (2) by the written consent of at least 67% of all Class A Members and the Declarant (if the Declarant then retains Class B status) to any action taken in lieu of a meeting. In addition to the approval of the Members and the Declarant set forth above, the following conditions shall apply:

a. Any Material Amendment or Extraordinary Action (as defined in the Declaration) that changes the rights of any specific class of Members (i.e. Class A; Class B; or Class C) must also be approved either (1) by the affirmative vote of at least 51% of the Members of such Class who are present, in person or by proxy, and voting at meetings called as described in the required notice at which a quorum of such Class of Members is present, or

(2) by the written consent of at least 51% of all Members of such Class to any action taken in lieu of a meeting.

b. Any Material Amendment or Extraordinary Action proposed during the period in which the Declarant retains its Class B status must also be approved by the Federal Housing Administration ("FHA"), and the Department of Veterans Affairs ("VA") if any Unit within the Properties has been financed by a mortgage insured by FHA or guaranteed by VA. The Association shall deliver written notice of the proposed Material Amendment or Extraordinary Action to the FHA and VA simultaneously with its notice to the Members. If the FHA or VA fails to deliver written notice to the Association of its objection to the proposed Material Amendment or Extraordinary Action within 30 days after receipt of the notice, FHA and VA will be deemed to have approved the matters contained in the notice, and the Association shall be entitled to record an affidavit signed by an authorized officer averring that written notice was delivered to the FHA and VA and no objection was timely received from such agencies.

Notwithstanding the foregoing, during the period in which the Declarant retains the status of the Class "B" Member, the Declarant shall have the right to amend these Bylaws, without the necessity of joinder by the Members or any other persons or entities, to make nonsubstantial changes that do not materially or adversely affect the interests of other Members or other affected parties, and to clarify any ambiguities or conflicts, or correct any scrivener's errors in these Articles of Incorporation.

Section 5. Limitation. No amendment shall make any changes in the qualification for membership nor in the voting rights or property rights of Members without approval of sixty-seven percent (67%) of the votes of each class of Members and the joinder of all Eligible Holders (as defined in the Declaration) of mortgages upon Units. No amendment shall be made that is in conflict with the Declaration, nor shall any amendment make any changes which would in any way affect any of the rights, privileges, powers or options herein provided in favor of or reserved to the Declarant, or the designated successor of the Declarant, unless the Declarant or such successor shall join in the execution of the amendment.

Section 6. Recording. Such amendment or amendments of these Bylaws shall be transcribed and certified in such form as may be necessary to file the same in the office of the Association and shall be recorded in the Public Records of Orange County, Florida within thirty (30) days from the date on which the same is approved.

ARTICLE VIII

MORTGAGES

Section 1. Notice to Association. An Owner who mortgages his Unit shall notify the Association through the managing agent or the Secretary of the Board of Directors in the event there is no managing agent, of the name and address of his Mortgagee and the Association shall maintain such information in a book entitled "Mortgagees of Units". Any such Owner shall likewise notify the Association as to the release or discharge of any such mortgage.

Section 2. Notice of Unpaid Assessments. The Board of Directors of the Association shall at the request of a Mortgagee of a Unit report any unpaid assessments due from the Owner of such Unit, in accordance with the provisions of the Declaration.

ARTICLE IX

MEANING OF TERMS

All terms appearing herein initially capitalized shall have the same meanings as are applied to such terms in the Declaration, which terms include without limitation: "Owner", "Board", "Unit", "Articles", "Member", "Mortgage", "Mortgagee", and "Common Assessments".

ARTICLE X

CONFLICTING PROVISIONS

In case any of these Bylaws conflict with any provisions of the laws of the State of Florida, such conflicting Bylaws shall be null and void upon final Court determination to such effect, but all other Bylaws shall remain in full force and effect. In a case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XI

MISCELLANEOUS

Section 1. Execution of Documents. The Board of Directors, except as in these Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent, committee member, or employee shall have any power or authority to bind the Association by any contract or engagement or to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 2. Inspection of Bylaws. The Association shall keep in its office for the transaction of business the original or a copy of these Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members and all First Mortgagees at all reasonable times during office hours.

Section 3. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors and having been so determined is subject to change from time to time as the Board of Directors shall determine.

Section 4. Membership Book. The Association shall keep and maintain in its office for the transaction of business a book containing the name and address of each Member. Termination or transfer of ownership of any Unit by an Owner shall be recorded in the book together with the date on which such ownership was transferred, in accordance with the provisions of the Declaration.

Recorded - Martha O. Haynie

WE HEREBY CERTIFY that the foregoing Bylaws of the Association were duly adopted by the Board of Directors of the Association in a meeting held for such purpose on the ___ day of October, 1998.

/s/ Patrick J. Knight
Patrick J. Knight, President

/s/ Karoline Matthai
Karoline Matthai, Secretary