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--- SPACE ABOVE FOR RECORDING PURPOSES ONLY ---

**DECLARATION OF COVENANTS AND RESTRICTIONS FOR
LAKE HENDON RESERVE**

THIS DECLARATION OF COVENANTS AND RESTRICTIONS FOR LAKE HENDON RESERVE ("Declaration") is made and executed on the date hereinafter set forth by **LAKE HENDON RESERVE, LLC**, a Florida limited liability company ("LAKE HENDON").

WITNESSETH:

WHEREAS, this Declaration governs the development of the real property described in Exhibit A attached hereto and by this reference made a part hereof (hereinafter referred to as the "Community"); and

WHEREAS, LAKE HENDON has established a land use plan for the Community and desires to provide for the preservation of the values and amenities hereby established and as may be established for the Community hereafter pursuant to said to a land use plan and to this end does hereby subject the Community to use covenants, restrictions, easements, reservations, regulations, burdens and liens as hereinafter set forth; and

WHEREAS, LAKE HENDON has deemed it desirable for the efficient preservation of the values and amenities established as aforesaid to create a corporation known as **LAKE HENDON RESERVE HOMEOWNERS ASSOCIATION, INC.**, a Florida corporation not-for-profit, to which there has been and will be delegated and assigned certain powers and duties of ownership, operation, administration, maintenance and repair, the enforcement of the covenants, restrictions and easements contained herein and the collection and disbursement of the assessments and charges hereinafter provided.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, LAKE HENDON hereby declares that the Lots within the Community shall be owned, held, used, transferred, sold, conveyed, demised and occupied subject to the covenants, restrictions, easements, reservations, burdens and liens hereinafter set forth.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to LAKE HENDON RESERVE HOMEOWNERS ASSOCIATION, INC., a Florida corporation not-for-profit, its successors and assigns. A copy of the Articles of Incorporation of the Association are attached hereto as **Exhibit B** and a copy of the Association's Bylaws are attached hereto as **Exhibit C**.

Section 2. "Board" or "Board of Directors" shall mean the Board of Directors of the Association.

Section 3. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot or Home, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 4. The "Community" shall mean and refer to that certain real property legally described in **Exhibit A** attached hereto and made a part hereof, and such additional lands that may be subjected to this Declaration by annexation.

Section 5. "Common Area" shall mean the Association's rights and interest in the Declaration of Private Drive and all other real or personal property owned or controlled, or to be owned or controlled, by the Association for the common use and enjoyment of the Owners.

Section 6. "Private Drive" shall mean and refer to lands encumbered by the Declaration of Private Drive and any other portion of the Common Area owned, or to be owned, by the Association and used for pedestrian and/or vehicular access, if any.

Section 7. "Lot" shall mean and refer to those parcels of land upon which exists or will exist a Home, regardless of whether such parcel(s) of land have been platted or are unplatted or consist of a combination of platted and unplatted lands. The number of Lots in an unplatted area at any particular time shall be the number of Homes approved by the County for that unplatted area at such time.

Section 8. "Builder" shall mean a party who is in the business of purchasing Lots for the purpose of constructing a Home thereon for immediate resale.

Section 9. "Home" shall mean a completely constructed attached or detached single family home which is designated and intended for use and occupancy as a residence and which is subject to assessments under this Declaration or any supplemental declaration made by LAKE HENDON. Said term includes any interest in land, improvement and other property appurtenant to the Home.

Section 10. "LAKE HENDON" shall mean LAKE HENDON RESERVE, LLC., a Florida limited liability company, its successors and assigns, if such successors and assigns should: (i) acquire more than one undeveloped and/or unimproved Lot from LAKE HENDON

for the purpose of development; and (ii) obtain a written assignment of LAKE HENDON's rights from LAKE HENDON RESERVE, LLC.

Section 11. "Model Home" shall mean a fully constructed Home, that prior to its sale by LAKE HENDON, will be used by LAKE HENDON to show prospective purchasers a model of the Home(s) available for purchase.

Section 12. "Institutional Mortgagee" or "Institutional Lender" means a bank, savings and loan association, insurance company, real estate or mortgage investment trust, pension fund, an agency of the United States Government, mortgage banker, or any other lender generally recognized as an institutional type lender, or LAKE HENDON, holding a first mortgage on a Home.

Section 13. "Common Expenses" means all expenses of any kind or nature whatsoever incurred by the Association, including, but not limited to, the following:

Expenses incurred in connection with the ownership, maintenance, repair, improvement or operation of the Common Area, including the Private Drive, gates, entry features or any other property to be maintained by the Association as provided in this Declaration, including, but not limited to, utilities, taxes, assessments, insurance, operation, maintenance, repairs, improvements, and alterations; and including street lights if installed by a vote of 2/3 of the residents unless a separate taxing unit is established to cover street lighting expenses. Expenses of obtaining, repairing or replacing personal property in connection with any Common Area or the performance of the Association's duties. Expenses incurred in connection with the administration and management of the Association. Expenses declared to be Common Expenses by the provisions of this Declaration, or by the Articles or By-Laws of the Association.

Section 14. "Annexation" shall mean and refer to the subjecting of additional real property to this Declaration by amendment in accordance with Article VI hereof.

Section 15. "Public Area" shall mean and refer to all lands owned by the State of Florida, the County, or municipality which, to the extent allowed by such governmental authority, are to be maintained by the Association.

Section 16. "County" shall mean Osceola County, Florida, a body politic chartered and existing under the laws of the State of Florida.

Section 17. "Declaration of Private Drive" shall mean that certain Declaration of Private Drive dated February 25, 2002 and recorded March 28, 2002 in Official Records Book 2024, Page 901, Public Records of Osceola County, Florida.

Section 18. "Person" shall mean and include an individual, corporation, governmental agency, business trust, estate, trust, partnership, association, sole proprietorship, limited partnership, two or more Persons having a joint or common interest, or any other legal entity.

ARTICLE II
PROPERTY RIGHTS

Section 1. Owner's Easement of Enjoyment. Every Owner shall have a non-exclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot and Home, subject to the following:

A. All provisions of this Declaration, the plat or plats of the Community, and the Articles of Incorporation and By-Laws of the Association;

B. Rules and regulations adopted by the Association governing the use and enjoyment of the Common Area;

C. The right of the Association to suspend the voting rights and to suspend the right to use Common Area of any Owner for any period during which any assessment against his Lot or Home remains unpaid; and for a period not to exceed sixty (60) days for an infraction of its published rules and regulations.

D. The right of the Association to dedicate, sell or transfer all or any part of the Common Area to any public agency, authority or utility for such purpose and subject to such conditions as may be agreed upon in an instrument signed by two-thirds (2/3) of each class of members of the Association and recorded in the public records of the County.

E. The right of the Association to borrow money, and with the consent of two-thirds (2/3) of each class of members, to mortgage, pledge or hypothecate all of its real and personal property as security for money borrowed or debts incurred.

F. The right of the Association to make additions, alterations or improvements to the Common Area, and to purchase any personal property as it deems necessary or desirable from time to time, provided, however, the approval of two thirds (2/3) of the Owners shall be required for any addition, alteration or improvement or any purchase of personal property exceeding a sum equal to one (1) month's total Assessments for Common Expenses payable by all the Owners, or if the cost of the foregoing shall in any fiscal year exceed in the aggregate a sum equal to two (2) month's Assessments for Common Expenses payable by all of the Owners. The foregoing approval shall in no event be required with respect to expenses incurred in connection with the maintenance, repair or replacement of existing Common Area, or any existing improvements or personal property associated therewith. The cost and expense of any such additions, alterations or improvements to the Common Area, or the purchase of personal property, shall be a Common Expense. In addition, so long as LAKE HENDON owns any portion of the Community, LAKE HENDON shall have the right to make any additions, alterations or improvements to the Common Area as may be desired by LAKE HENDON in its sole discretion from time to time, at LAKE HENDON's expense.

G. The rights under the Declaration of Private Drive concerning utilization of the Common Area as follows: The Private Drive is the private driveway tract, and owners of

Lots and other parties shall have rights over said tract as delineated in the Declaration of Private Drive.

Section 2. Easements for Minor Encroachments. The Association shall have the right to grant a non-exclusive easement for the minor, unintentional encroachment of any building, Home or other improvements upon any Lot or Common Area caused by or resulting from the original construction of improvements or the repair or replacement of same, which non-exclusive easement shall exist at all times during the continuance of such encroachment, as an easement appurtenant to the encroaching building, Home or other improvement, to the extent of such encroachment.

Section 3. Delegation of Use. Any Owner may delegate, in accordance with the appropriate By-laws, his right of enjoyment to the Common Area, to the members of his family, his tenants or contract purchasers who reside on the property.

Section 4. Permitted Uses. The Common Area shall be restricted to the following uses:

A. Subject to Paragraph B below, any Common Area, now and forever, shall be restricted hereby such that it shall be maintained as open area for the recreation, use and benefit of the Owners, including as and for easements and rights-of-way for the construction, operation and maintenance of utility services and drainage facilities and shall not be used for any commercial or industrial use except as herein described.

B. The Private Drive, if any, now and forever, shall be restricted such that it shall be used solely for the benefit of the Owners, their tenants, invitees and guests as and for the common access, ingress and egress and as an easement and right-of-way for the construction, operation and maintenance of utility services and drainage facilities. The Private Drive shall be kept free and clear of obstructions, except as is reasonable for construction, operation and maintenance of traffic and speed controls.

Section 5. Delegation of Rights. Any Owner, including LAKE HENDON, may grant the benefit of any easement, license, right or privilege to tenants and guests for the duration of their tenancies or visits with the condition that such tenants and guests agree to comply with all this Declaration and the reasonable rules, regulations and policies of the Association as may be promulgated from time to time, but the same are not intended nor shall they be construed as creating any rights in or for the benefit of the general public.

ARTICLE III **MEMBERSHIP AND VOTING RIGHTS**

Section 1. Every Owner of a Lot or Home which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot or Home which is subject to assessment.

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

CLASS A: Class "A" members shall be all Owners with the exception of LAKE HENDON and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

CLASS B: Class "B" member(s) shall be LAKE HENDON as defined in this Declaration, and shall be entitled to three (3) votes for each Lot owned by it in the Community. The Class "B" membership shall cease and be converted to Class "A" membership on the happening of any of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class "A" membership equal the total votes outstanding in the Class "B" membership; or
- (b) Ten (10) years from the date of filing of this Declaration; or
- (c) At such time as the Class "B" member voluntarily relinquishes its right to three (3) votes for each Lot.

ARTICLE IV
COVENANT FOR MAINTENANCE

Section 1. Association Responsibility. Subject to the availability of funds, the Association shall at all times maintain: (i) any entrance features constructed on the Common Area or in any Public Area or on easements granted to the Association that run through the Community, (ii) any community message board located on the Common Area (LAKE HENDON, for so long as it owns a Lot or Home may use said message board for advertising the Lots or Homes it has for sale) (iii) the Private Drive, (vii) any easements granted to the Association. The Association shall also have the right to do anything necessary or desirable in the judgment of the Board to keep the Community neat and attractive, to preserve or enhance the value thereof, to eliminate fire, health or safety hazards, or otherwise to benefit the Owners.

Section 2. Owner Responsibility. An Owner of a Home will be responsible for the irrigation and fertilization of the grass and other plant material on the Lot and on the grass area within the right-of-way adjacent to the Lot.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of a Lien and Personal Obligation for Assessments. Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or

charges; and (2) the working capital contribution; and (3) special assessments to be established, together with interest, costs and reasonable attorneys' fees; and (4) other monies due to the Association hereunder. All assessments and contributions shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with costs, interest and reasonable attorneys' fees, shall also be the personal obligation of the person who is the Owner of such Lot at the time the assessment fell due.

To give public notice of unpaid assessments, special assessment or other monies owed, the Association may record a claim of lien in the Public Records of Osceola County, Florida stating the description of the Lot(s), and the name of the Owner, the amount then due, and the due dates. The lien is in effect until all sums secured by it (including sums which became due after the recording of the claim of lien) have been fully paid. The claim of lien must be signed and acknowledged by an officer or agent of the Association. Upon payment in full of all sums secured by the lien, the person making the payment is entitled to a satisfaction of the lien.

Section 2. Establishment of Assessments. Prior to the beginning of each fiscal year, the Board shall adopt a budget for such fiscal year which shall estimate all of the Common Expenses to be incurred by the Association during the fiscal year. The Board shall establish the assessment for Common Expenses for each Lot and shall notify each Owner in writing of the amount, frequency, and due dates of the assessment for Common Expenses. From time to time during the fiscal year, the Board may modify the budget, and pursuant to the revised budget or otherwise, the Board may, upon written notice to the Owners, change the amount, frequency and/or due dates of the assessments for Common Expenses. If the expenditure of funds for Common Expenses will exceed the funds produced by assessment for Common Expenses, the Board may make special assessments for Common Expenses, which shall be levied in the same manner as hereinbefore provided for regular assessments, and shall be payable in the manner determined by the Board, as stated in the notice of any special assessments for Common Expenses. In the event any assessments for Common Expenses are made payable in equal payments, as provided in the notice from the Association, such periodic payments shall automatically continue to be due and payable in the same amount and frequency unless and until: (i) the notice specifically provides that the periodic payments will terminate or change upon the occurrence of a specified event or date of the payment of the specific amount; or (ii) the Association notifies the Owner in writing of a change in the amount and/or frequency of the periodic payments. In no event shall any assessments for Common Expenses be due less than ten (10) days from the date of the notification of such assessments.

Section 3. Uniformity and Commencement of Assessments. Assessments for Common Expenses assessed against each Lot shall be equal. The annual assessment for Common Expenses as to each Lot owned by an Owner other than LAKE HENDON shall commence on the first day of the full calendar month after a certificate of occupancy for the Home on the Lot is issued. As to any Home, including Model Homes, owned by LAKE HENDON, the annual assessment shall commence on the date that LAKE HENDON closes the sale of said Model Home to the first Owner acquiring title from LAKE HENDON.

Section 4. Working Capital Contribution. In addition to assessments for Common Expenses, each Owner, at the time of acquiring title to a Lot, shall pay to the Association a contribution to a working capital fund of the Association in the amount of Five Hundred and No/100 Dollars (\$500.00) (the "Working Capital Contribution"), which shall be in addition to the Owner's responsibility for assessments for Common Expenses. The working capital fund shall be used by the Association for the purposes set forth in Section 5 below.

Section 5. Purpose of Assessments. The assessments levied by the Association shall be used to pay Common Expenses and to promote the recreation, health, safety and welfare of the residents in the Community, and for the management, improvement, and maintenance of the Common Area and for the responsibilities set forth in Article IV, Section 1 hereof.

Section 6. Effect on LAKE HENDON. Notwithstanding any provision that may be contained to the contrary in this Declaration, for as long as LAKE HENDON (or any of its affiliates) is the Owner of any Lot, LAKE HENDON shall have the option, in its sole discretion, to: (i) pay assessments on the Lots owned by it; (ii) pay assessments only on certain designated Lots (e.g., those under construction or those containing a Home for which a certificate of occupancy has been issued); or (iii) not paying assessments on any Lots (regardless of whether there is a Home thereon) and in lieu thereof funding any resulting deficit in the Association's operations (exclusive of any reserves or capital improvements). The deficit to be paid under option (iii) above shall be the difference between (i) actual operating expenses of the Association (exclusive of capital improvement costs and reserves) and (ii) the sum of all monies receivable by the Association (including, without limitation, assessments, interest, late charges, fine and incidental income) and any surplus carried forward from the preceding year(s). LAKE HENDON may from time to time change the option stated above under which LAKE HENDON is making payments to the Association by written notice to such effect to the Association. If LAKE HENDON at any time elects option (ii) above, it shall not be deemed to have elected option (iii) as to the Lots which are not designated under option (ii). When all Lots within the Community are sold and conveyed to purchasers, neither LAKE HENDON, nor its affiliates, shall have further liability of any kind to the Association for the payment of assessments, deficits or contributions. LAKE HENDON shall have no obligation to pay the Working Capital Contribution or Special Assessments.

Section 7. Special Assessments.

A. **Capital Improvements.** In addition to the annual assessments and special assessments for Common Expenses authorized above, the Association, through a two-thirds (2/3) vote of its Board of Directors, may levy in any assessment year a special assessment against an Owner(s) to the exclusion of other Owners for the purpose of defraying, in whole or in part, the cost of (i) any construction, reconstruction, repaving, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, if any, or (ii) work performed by the Association in accordance with this Declaration. Any such Special Assessment shall be subject to all of the applicable provisions of this Article including, without limitation, lien filing and foreclosure proceedings and interest. Any Special Assessment levied hereunder shall be due and payable within the time specified by the Board of Directors in the action imposing such Assessment.

B. Special Road and Drainage System Reserve In addition to the annual assessments and other special assessments authorized by this Declaration, the Association shall establish a fund for reserves for periodic major maintenance to the streets and drainage system, including ponds. A minimum level of reserves shall be maintained in perpetuity and replenished from time to time, as necessary, by assessment, and such minimum level of reserves shall be in such amount or in an amount determined by the Association. All such funds for the street and/or drainage system shall be held in an account separate and apart from all other Association funds.

(i) In addition, all contracts with builders and all contracts for the sale of Lots in the Community (including resales) shall incorporate the following disclosure:

**Notice of Private Drive and Drainage Easement
Maintenance Assessments and Reserve Account.**

"Prospective purchasers of Lots within Lake Hendon Reserve are hereby notified that the private drive and drainage system, existing and to be constructed, in Lake Hendon Reserve, must be maintained, resurfaced and repaired by the Association as more particularly described in the Declaration of Covenants and Restrictions for Lake Hendon Reserve as recorded in Official Book 2132, Page 1911. Public Records of Osceola County, Florida (the "Declaration"). The assessments will, in part, be placed into a separate reserve account, in order to create a reserve sufficient to maintain in good repair, the private drive in Lake Hendon Reserve. The Association shall annually have the private drive inspected by a registered engineer using the reserve funds. Owners will not be entitled to a discount in Osceola County taxes because of the fact that the subdivision has private drive or a private drainage system. This notice shall be included in each sale contract and/or resale contract relating to the sale or resale of a Lot in Lake Hendon Reserve, as appropriate."

(ii) The Association and LAKE HENDON shall indemnify, defend and hold the County harmless from any loss, cost, damage or expense, including reasonable attorneys' fees at the trial level and in any appellate or bankruptcy proceeding, arising, directly or indirectly, out of (a) maintenance, repair and/or reconstruction of the streets and/or drainage system, or (b) tort liability related to or stemming from the streets and/or drainage system. The duty to so indemnify, defend and hold the County harmless shall be that of the Association and LAKE HENDON, jointly and severally, but (a) the duty of LAKE HENDON shall exist only for the period LAKE HENDON has the right to appoint the Board of Directors of the Association, and (b) the recourse of the County as respects the liability of LAKE HENDON shall extend only to the right, title, interest and/or estate of LAKE HENDON in or to any of the platted Lots.

(iii) Upon any default in any of the requirements contained in this Section 7.B, the County, at its option and after furnishing written notice to the Association and/or LAKE HENDON, as applicable, of its declaration of default and after a reasonable period of time to cure such default (a reasonable time period shall be determined based upon the

circumstances of the default and, as long as LAKE HENDON and/or Association is diligently pursuing the cure of such default, LAKE HENDON and/or Association shall be permitted sufficient time within which to cure said default) may remove the gates and upon dedication of the rights-of-way assume responsibility for maintenance, using those Association funds dedicated to streets and/or drainage system maintenance and repair, or if none or an insufficient amount exist, a temporary Municipal Service Taxing Unit in an amount necessary to accomplish such requirements.

Section 8. Annual Assessments. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amounts of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Failure to fix the amounts of the annual assessments within the time period set forth above shall not preclude the Board of Directors from fixing the assessment at a later date.

From and after one (1) year from the date of sale of the last Lot by LAKE HENDON, the maximum annual assessment of the Association may be increased each year not more than fifteen percent (15%) above the maximum assessment for the previous year without a vote of the membership. The maximum annual assessment may be increased above fifteen percent (15%) by a vote of two-thirds (2/3) of the Class A members who are voting in person or by proxy, at a meeting of the Association duly called for this purpose. The Board of Directors may fix the annual assessments at an amount not to exceed the maximum.

The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance. The Association may delegate to a management company or financial institution responsibility for collection of assessments and the issuance of such certificates.

Section 9. Effect of Non-Payment of Assessment; Remedies of the Association. Any assessment (annual or special) or the Working Capital Contribution not paid within fifteen (15) days of the due date shall be subject to a late charge of Twenty Five and No/100 Dollars (\$25.00). Any assessment not paid within thirty (30) days of the due date shall, in addition to the late charge due if not paid within 15 days of the due date, bear interest from the due date at the rate of 18% per annum. The Association may, at its election, bring an action at law against the Owner personally obligated to pay the same and/or foreclosure of the lien against the Lot and any improvements thereon. No Owner may waive or otherwise avoid liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot or Home.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be a lien superior to all other liens save and except ad valorem tax liens and mortgage liens, provided said mortgage liens are first liens against the property encumbered thereby, subject only to ad valorem tax liens, and said first mortgage secures an indebtedness which is amortized on monthly or quarter-annual payments over a period of not less than ten (10)

years. The sale or transfer of any Lot pursuant to the foreclosure, or any proceeding in lieu thereof of a first mortgage meeting the above qualifications, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer pursuant to the foreclosure. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE VI

ANNEXATION OF PROPERTY

Section 1. Approval of Annexation. Additional land may be annexed into the Community by LAKE HENDON, in its sole and absolute discretion, for as long as LAKE HENDON has Class "B" voting rights within the Community. The additional lands annexed in accordance with the provisions hereof shall become subject to the provisions of this Declaration upon the recording in the Public Records of the County of an amendment hereto properly executed by LAKE HENDON and without the consent of the members of the Association. Until such amendment is recorded, no provision of this Declaration shall be effective as to any additional lands.

Section 2. Additions or Modifications. Such amendments to the Declaration may contain such additions and modifications of this Declaration as may be determined by LAKE HENDON to reflect the different character, if any, of the additional lands which are the subject of such amendments to the Declaration as are not materially and adversely inconsistent with the scheme of this Declaration, as determined by LAKE HENDON. Further, such amendments to the Declaration may contain provisions relating to the additional lands, or any portions thereof, dealing with, among other things, assessments and the basis thereof, rules and regulations, architectural controls and other provisions consistent with the nature of the development of such Community and pertaining to all or part of such additional lands to the exclusion of other portions of the Community.

The provisions of this Article VI, Section 2 cannot be amended without the written consent of LAKE HENDON, and any amendment of this Article VI, Section 2 without the written consent of LAKE HENDON shall be deemed null and void.

ARTICLE VII

WITHDRAWAL OF PROPERTY

Anything herein to the contrary notwithstanding, LAKE HENDON reserves the absolute right to amend this Declaration at any time it still has Class "B" voting rights, without prior notice and without the consent of any person or entity, for the purpose of removing certain portions of the Community from the provisions of this Declaration, so long as a Home has not been constructed on said land to be withdrawn.

ARTICLE VIII
PLATTING AND SUBDIVISION RESTRICTIONS

As long as there is a Class B membership, LAKE HENDON shall be entitled at any time and from time to time, to plat and/or replat all or any part of the Community that has not been conveyed to Owners, and to file subdivision restrictions and/or amendments thereto with respect to any unsold portions of the Community without the consent or approval of the Owners.

LAKE HENDON reserves the right to add, modify, or eliminate Lots and/or Common Areas from the Community. LAKE HENDON and/or the Association has not made any representations or warranties as to the design, value, benefit or use of the Community or as to the number, type, prices of Lots or Homes in the Community.

ARTICLE IX
ARCHITECTURAL CONTROL

Section 1. Except for improvements constructed by LAKE HENDON, no clearing, grading, building, fence, including chain link fences, wall or other structure shall be commenced, erected or maintained upon the Community, nor shall any exterior addition or change or alteration therein, including a change of the building exterior paint color, be made upon any Lot until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to the harmony of external design and location in relation to the surrounding structures and topography by the Board, or by an architectural control committee composed of three (3) or more representatives appointed by the Board ("Committee"). In the event said Board or its designated Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Nothing contained herein shall relieve the Owner from the responsibility of obtaining proper governmental approvals and permits. The minimum square footage of any Home constructed on any Lot shall be two thousand three hundred square feet (2,300') of heated and cooled space.

Section 2. Architectural fungus resistant shingles, metal or tile roofs are required for all structures unless waived in writing in advance by the Board or its designated Committee.

Section 3. The Association or the designated Committee shall not be liable to any Owner in connection with the exercise or non-exercise of architectural control hereunder, or the approval or disapproval of any alteration, addition, improvement or change. Furthermore, any approval of any plans or specifications by the Association or its designated Committee shall not be deemed to be a determination that such plans or specifications are complete or do not contain defects, or in fact meet any standards, guidelines and/or criteria of the Association, or are in fact architecturally or aesthetically appropriate, or comply with any applicable governmental requirements, and the Association or its designated committee shall not be liable for any deficiency, or any injury resulting from any deficiency in such plans and specifications.

Section 4. Notwithstanding the foregoing, so long as LAKE HENDON holds Class "B" voting rights, architectural control shall be vested in LAKE HENDON and not the Association, and during such period all references contained in the subparagraph to the Association of the designated Committee shall be deemed to refer to LAKE HENDON, provided, however, that at any time LAKE HENDON may assign its right to architectural control to the Association by a written assignment.

Section 5. Each Owner of each Lot shall maintain all exterior surfaces and roofs, facias, soffits of all structures and other improvements (such as driveway and landscaping) in a neat, orderly and attractive manner.

ARTICLE X **EASEMENTS**

Section 1. Easements may be granted by the Association for utility purposes in accordance with the requirements of this Declaration.

Section 2. LAKE HENDON does hereby establish and create for the benefit of the Association and for all Owners from time to time subject to this Declaration, and does hereby give, grant and convey to each of the aforementioned, the following easements, licenses, rights and privileges:

(i) Right-of-way for ingress and egress by vehicles or on foot, in, through, over, under and across the Private Drive and all streets, drive and walks within the Common Area (as they may be built or relocated in the future).

(ii) Rights to connect to, maintain and make use of utility lines, wires, pipes, conduits, cable television lines, telephone lines and equipment, sewers and drainage lines which may from time to time be in or along the streets and drive or other area of the Common Area, but only in accordance with applicable laws and regulations and the requirements of the applicable entities which regulate said utilities.

Section 3. LAKE HENDON reserves to itself, its designees, successors and assigns easements, licenses, and rights and privileges of a right-of-way in, through, over, under and across the Community for the construction, maintenance and repair of utility lines, wires, pipes, conduits, cable television, sewers, and drainage lines and other improvements which may from time to time be in or along the streets and drive or other area of the Community. LAKE HENDON also reserves the right for itself, its designees, successors and assigns to continue to use the Community, and any Common Area, Private Drive, roadways, sales offices, model homes, signs, flags, promotional material and parking spaces located on the Community, in its efforts to market Lots, land and Homes in the Community. This Section 3 may not be amended without the prior written consent of LAKE HENDON.

Section 4. LAKE HENDON, by its execution of this Declaration, hereby grants to each Owner a non-exclusive perpetual easement for the maintenance, repair and replacement of

any future water and sanitary sewer lateral pipes, if any, servicing the Lot and improvements thereon, which lateral pipes are located within the Common Area.

Section 5. LAKE HENDON hereby grants to delivery, pickup and fire protection services, police, building, zoning, code enforcement, health and sanitation, and other public service personnel and vehicles, United States mail carriers, representatives of electrical, telephone, cable television and other utilities authorized by LAKE HENDON, its successors or assigns to service the Community, and to such other persons as LAKE HENDON from time to time may designate, the nonexclusive, perpetual right of ingress and egress over and across the Common Area for the purposes of performing their authorized services and functions.

Section 6. Encroachments on Common Area. In the event any portion of any roadway, walkway, drainage system, water lines, sewer lines, utility lines, sprinkler system, Home or any other improvement as originally constructed by LAKE HENDON or its designee, successor or assign encroaches on Common Area, it shall be deemed that the Owner of such Common Area has granted a perpetual easement to the Owner of the adjoining Lot, Common Area, or the Association as the case may be, for continuing maintenance and use of such encroaching roadway, walkway, drainage system, water line, sewer line, utility line, sprinkler system or other structure originally constructed by LAKE HENDON. The foregoing shall also apply to any replacements of any such roadway, walkway, drainage system, water lines, sewer lines, utility lines, sprinkler system or other structure, if same are constructed in substantial conformance to the original. The foregoing conditions shall be perpetual in duration and shall not be subject to amendment of this Declaration.

ARTICLE XI **RESTRICTIONS**

Section 1. Easements. Easements for installation and maintenance of utilities and drainage facilities are reserved. Within these easements, no structure, planting or other material shall be placed or permitted to remain which would damage or interfere with the installation or maintenance of the utilities or which may change the direction of flow or drainage channels in the easements. No obstructions such as gates, fences, etc., which will prevent emergency access shall be erected in any easement strip for fire fighting access purposes. The Association is hereby granted an easement over each Lot for ingress and egress to any portions of the Lot or the improvements thereon requiring maintenance by the Association.

Section 2. Wells and Septic Tanks. All wells and septic systems shall be fully permitted and properly installed in accordance with all state and local codes and regulations in accordance with the standard requirements as provided for by the applicable Board of Health. No un-permitted or multiple wells shall be allowed without expressed written permission from the Association. One additional well located in the Common Area may be allowed in order to serve the irrigation requirements of any common landscaping at entry feature.

Section 3. Nuisances. No noxious or offensive activity shall be carried on upon any lands within the Community, nor shall anything be done thereon which may be or may become

an annoyance or nuisance to the neighborhood. No hunting shall be allowed at any time. Up to four (4) horses, up to three (3) cows, and up to four (4) goats are allowed per Lot. No fowl or swine shall be allowed on any Lot. No other livestock or commercially raised animals shall be raised or stored on any Lot. Household pets such as dogs, cats, rabbits, and other small animals shall be allowed not to exceed four (4) of any one type.

Section 4. Temporary Structures and Use. No structure of a temporary character, trailer, basement, shack, garage, barn or other building shall be moved to, erected on, or used on any of the lands within the Community at any time for a residence, workshop, office, storage room, either permanently or temporarily, provided, however, that LAKE HENDON or owner may place within the Community construction sheds, trailers, or temporary sales offices or sales trailers used to facilitate the development, construction and sale of land and Homes in the Community. No canvas, pipe, or other type of carport shall be placed between the common area and the front building line on any Lot. Except during deliveries to Homes, no commercial vehicles shall be parked in area zoned for residential uses, including the Private Drive and other streets. No business, including any service, repair, or maintenance business shall be allowed on any Lot at any time. In order to prevent unsightly objects in and about each of the Homes to be erected in this Community, no above ground gas tanks, gas container, or gas cylinder, except those used by portable barbecue grills shall be permitted to be placed on or about the outside of any of the Homes built in this Community or any ancillary building. No above ground pools shall be allowed.

Section 5. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any portion of the Community. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any portion of the Community.

Section 6. Pets. Subject to Section 3 above, traditional house pets (i.e., dogs or cats, fish and caged birds), may be kept by an Owner or such Owner's family members, guests, invitees or lessees, however, (a) no animals whatsoever may be kept or maintained for commercial purposes, (b) no animals shall be permitted to remain on any portion of the Community which become an unreasonable nuisance or annoyance to other Owners, and (c) any animal kept by an Owner shall be kept subject to any rules and regulations which may be promulgated from time to time by the Board. In no event shall dogs be permitted upon the Common Area unless under leash. Any Owner who keeps a pet thereby agrees to indemnify the Association and hold it harmless against any loss or liabilities of any kind or character whatsoever arising from or growing out of the keeping of any such pet. All owners of pets shall be required and responsible to clean up any excretions of their pets.

Section 7. Clotheslines. Except as required to be permitted by law, no clotheslines shall be placed and no clothes drying shall be undertaken or permitted in the Community, provided, however, the Board may, upon its sole discretion, permit on a revocable basis the location of collapsible, retractable or umbrella type clotheslines or other equipment in the backyard or patio area of the particular Home whose Owner(s) have made such request.

Section 8. Barbecues. Barbecues may be located or permitted only on the back patio of a Home and upon such portions of the Common Area as are, from time to time, designated by the Association; provided, however, that barbecuing shall be subject to such rules and regulations as may be promulgated from time to time by the Board.

Section 9. Parking. No truck or van with more than a one-ton capacity or any semi-trailer trucks shall be parked in the community overnight. The term "commercial vehicle" shall be defined by the Board of Directors in the rules and regulations of the Association. Commercial vehicles in the process of loading or unloading shall not be considered parked so long as they are not kept in the Community overnight. Except as set forth above, no vehicle of any kind shall be parked in the Common Area other than that portion of the Common Area designated for parking by the Association or on any part of any Lot. No overnight parking in streets shall be permitted for any vehicle. House or travel trailers, motor homes, campers, boats and/or boat trailers shall be parked in a manor not to be in front of any house for longer than forty-eight (48) hours. Any permanent parking or storage shall be either in a garage, carport or in the rear yard behind the home on the lot. No more than three (3) boats shall be stored on any lot at one time once the house has been constructed. Notwithstanding the prior provision to the contrary, the Board may, in its sole discretion, designate portions of the Common Area for the parking of oversized commercial or recreational vehicles, trailers, campers, vans or boats.

Section 10. Signs. Except as otherwise permitted by the Board of Directors, no sign of any character shall be displayed or placed upon any Lot except "for sale" signs, which signs may refer only to the particular premises on which displayed, shall not be larger than 3 feet by 2 feet in size, shall not extend more than four (4) feet above the ground, and shall be limited to one (1) sign per Lot. This paragraph shall not apply to, and shall not prohibit, LAKE HENDON from erecting any number of signs of any size or configuration related to the construction or marketing of the Community or any of the Homes in the Community owned by LAKE HENDON.

Section 11. Litter and Garbage Collection. No garbage, trash, refuse or rubbish shall be deposited, dumped, or kept on any part of the Community except in closed containers in the storage area, garages, if any, or fenced in patio area at the side or rear of the Home prior to collection by a refuse service contracted by the applicable local government or the Association.

Section 12. Personal Property. No articles of personal property of Owners shall be placed on any portion of the Common Area unless such articles are being used by Owners in accordance with the terms and conditions of this Declaration and any rules and regulations promulgated from time to time by the Board.

Section 13. Disturbance of existing grade and soils. No change shall be made in the condition of the soil or the level of the land of any are of the Community if such change would or might result in any permanent change in the flow and drainage of surface water which the Board, in its sole discretion, considers detrimental.

Section 14. Increase in Insurance Rates. No Owner may take any action which will result in an increase in the rate of any insurance policy or policies covering any portion of the Community.

Section 15. Casualties. In the event that a Home or any part thereof is destroyed by casualty or otherwise, or in the event any improvements upon the Common Area are damaged or destroyed by casualty or otherwise, the Owner thereof or the Association, as the case may be, shall promptly clear all debris resulting therefrom and (subject to the duties and obligations of the Association) commence either to rebuild or repair the damaged improvements in accordance with the terms and provisions of this Declaration.

Section 16. Rights of LAKE HENDON. Notwithstanding any provisions in this Declaration to the contrary, including the provisions of this Article XII, LAKE HENDON shall have the right with respect to the development of the Community to construct buildings and other improvements, including landscaping on the Community, and to create, expand, or reduce the recreational facilities. The construction of buildings and improvements, including the creation and expansion of the recreational facilities, shall be of such type, nature, design, size, shape, height, materials and location, including the landscaping, which term shall be defined in its broadest sense as including grass, hedges, vines, trees and the like, as LAKE HENDON determines in its sole discretion without obtaining consent and approval of the Committee, the Association or its members, provided however, that same complies with the applicable building codes and zoning laws of the County or applicable government authority in force at that time.

Section 17. Disturbances. No Owner shall make or permit any disturbing noises on any Lot or in any Home or do or permit anything to be done therein which will interfere with the rights, comfort or conveniences of other Owners.

Section 18. Rental Agreements. The Owner of a Home shall be entitled to rent such Home only pursuant to a written lease agreement, which lease agreement shall provide that the tenant thereunder shall be subject to all provisions of this Declaration, and that a failure to comply with any provision of this Declaration shall constitute a default under said lease agreement.

Section 19. Use. Lots shall be used for single-family residential purposes only in accordance with A-1 zoning in Osceola County.

Section 20. Boat Docks. No boat docks and/or piers shall be constructed on Lots adjacent to lakefront Lots, except as authorized by and in accordance with design standards and criteria imposed by the appropriate governmental districts and authorities, and as approved by LAKE HENDON as to design, dimension and/or location. LAKE HENDON makes no representation or warranty that boat docks or other waterfront improvements will be authorized or approved or permitted by the appropriate governmental districts or authorities.

ARTICLE XII INSURANCE

Section 1. Purchase, Custody and Payment of Policies. All insurance policies covering the Common Area shall be purchased by the Association and shall be issued by an insurance company authorized to do business in Florida which has an office or agent located in the vicinity of the Community.

Section 2. Coverage.

A. **Casualty.** All improvements upon the Common Area and all personal property of the Association may be insured in scope and amount as determined by the Board. Prior to obtaining any casualty insurance or renewal thereof, the Board may obtain an appraisal from a fire insurance company or otherwise.

B. **Liability.** The Board may purchase and maintain Comprehensive general public liability insurance insuring the Association against loss or damage resulting from accidents or occurrence on or about or in connection with the Common Area, or any work, matters or things related to the Common Area or this Declaration and its exhibits, with such coverage as shall be determined by the Board.

C. **Worker's Compensation.** As shall be required to meet the requirements of the law.

D. **Such Other Insurance.** The Board may determine from time to time such other insurance to be desirable or as may reasonably be required and as is customarily obtained with respect to improvements similar in construction, location and use to those contained within the Common Area, such as, where applicable, contractual and all-written contract insurance, employer's liability insurance and comprehensive automobile liability insurance.

Section 2. Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association as a Common Expense.

ARTICLE XIII RECONSTRUCTION OR REPAIR AFTER CASUALTY

Section 1. Determination to Reconstruct or Repair. If any part of the Common Area is damaged or destroyed by casualty, subject to the availability of funds, the damaged property shall be reconstructed or repaired by the Association, unless two-thirds (2/3) of the Owners vote to the contrary.

Section 2. Plans and Specifications. Any reconstruction or repair of the Common Area must be substantially in accordance with the plans and specifications for the original improvements. Any reconstruction or repair must be in accordance with the ordinances of the controlling government authority, and must be approved by the controlling government authority

or its appropriate review committee where required by such ordinances. Any reconstruction or repair must be in conformance with the requirements of any controlling government authority, and where required appropriate permits shall be obtained.

Section 3. Responsibility. The responsibility for reconstruction and repair of the Common Area, subject to the availability of funds, after casualty shall be that of the Association.

Section 4. Estimates of Cost. Immediately after casualty damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair from one or more reliable licensed contractors.

Section 5. Assessments. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction and repair by the Association, or if at any time during or after the reconstruction and repair the funds for the payment of the cost thereof are insufficient, a Special Assessment shall be made against all Lots equally, in sufficient amounts to provide funds to pay such costs.

ARTICLE XIV **GENERAL PROVISIONS**

Section 1. Execution of Documents Required by the County. LAKE HENDON's plan for the development of the Community may require from time to time the execution of certain documents required by the County. To the extent that said documents require the joinder of any or all Owners in the Community, each of said Owners, by virtue of his acceptance of a deed to his Lot, does irrevocably give and grant to LAKE HENDON, or any of its officers individually, full power of attorney to execute said documents as his agent and in his place and stead.

Section 2. Enforcement By or Against Other Persons. In addition to the foregoing, this Declaration may be enforced by LAKE HENDON, or the Association, by any procedure at law or in equity against any person violating or attempting to violate any provision herein, to restrain such violation, to require compliance with the provisions contained herein, to recover damages or to enforce any lien created herein. The expense of any litigation to enforce this Declaration shall be borne by the person against whom enforcement is sought. In addition to the foregoing, any Owner shall have the right to bring an action to enforce this Declaration against any person violating or attempting to violate any provision herein, to restrain such violation or to require compliance with the provisions contained herein, but no Owner shall be entitled to recover damages or to enforce any lien created herein as a result of a violation or failure to comply with the provisions contained herein by any person. The prevailing party in any such action shall be entitled to recover its reasonable attorneys' fees and costs, including reasonable attorneys' fees and costs incurred on the appeal of any lower court decision.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 4. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time, they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by the Owners of sixty-six and two-thirds percent (66 2/3%) or more of the Lots, or by a vote of ninety percent (90%) of a quorum of Owners present in person or by proxy at a duly called regular or special meeting of the members of the Association. Notwithstanding the above, (i) there will be no amendment to the provision of this Declaration pertaining to the maintenance of Common Area without the prior consent of the County; and (ii) LAKE HENDON will have the right to amend this Declaration pursuant to Section 1 of Article VI and Article VII without the consent of any Owners and/or Institutional Mortgagees. Any amendment must be recorded.

Section 5. LAKE HENDON Amendment Privilege. Notwithstanding anything to the contrary set forth above, LAKE HENDON may amend any provision of this Declaration without the approval or joinder of the Owners or the Association, if required to do so by any local, state or federal governmental agency or to comply with the Rules and Regulations of the Federal National Mortgage Association, the Federal Housing Administration, the Veterans Administration or any other similar governmental institutional agency which desires to hold, insure or guaranty a mortgage on all or any part of the Community.

Section 6. Damage or Destruction to Common Area. Each Owner shall be liable to the Association for any damage to the Common Area not fully covered by collected insurance which may be sustained by reason of the negligence or willful misconduct of said Owner or of his family, tenants, guests and invitees, both minor and adult. Notwithstanding the foregoing, the Association reserves the right to charge such Owner a Special Assessment equal to the increase, if any, in the insurance premium directly attributable to the damage caused by such Owner. The cost of correcting such damage shall be a Special Assessment against the Lot of such Owner and may be collected as provided herein for the collection of Assessments.

ARTICLE XV **INDEMNIFICATION AND DISCLAIMER**

Section 1. Indemnification of Officers, Members of the Board or Agents. 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 contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a Member of the Board, 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 proceeding 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 proceeding, if he had no reasonable cause to believe his

conduct was unlawful; or matter as to which such person shall have been adjudged to be liable for gross negligence or willful 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 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, in and 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, that he had no reasonable cause to believe that his conduct was unlawful.

(a) To the extent that a Member of the Board, officer, employee or agent of the Association is entitled to indemnification by the Association in accordance with this Article XV, he shall be indemnified against expenses (including attorneys' fees and appellate attorneys' fees) actually and reasonably incurred by him in connection therewith.

(b) Expenses incurred in defending a civil or criminal action, suit or proceeding shall be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the Member of the Board, officer, employee or agent of the Association 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 XV.

(c) The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the laws of the State of Florida, any Bylaw, agreement, vote of Members or otherwise. As to action taken in an official capacity while holding office, the indemnification provided by this Article XV shall continue as to a person who has ceased to be a Member of the Board, officer, employee or agent of the Association shall inure to the benefit of the heirs, executors and administrators of such a person.

(d) The Association shall have the power to purchase and maintain insurance on behalf of any Person who is or was a Member of the Board, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Member of the Board, officer, employee or agent of another corporation, partnership, limited partnership, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, as 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 XV.

Section 2. Notices and Disclaimers as to Water Bodies. Neither LAKE HENDON, the Association nor any of their officers, directors, committee members, employees, management agents, contractors, or subcontractors (collectively, the "Listed Parties") shall be liable or responsible for maintaining or assuring the safety, water quality or water level of/in any lake, pond, canal, creek, stream or other water body within the Property, except as such responsibility may be specifically imposed by, or contracted for with, an applicable governmental or quasi-governmental agency or authority. Further, none of the Listed Parties shall be liable for any property damage,

personal injury or death occurring in, or otherwise related to, any water body, all persons using same doing so at their own risk.

All Owners and users of any portion of the Property located adjacent to or having a view of any of the aforesaid water bodies shall be deemed, by virtue of their acceptance of the deed to or use of, such property, to have agreed to release the Listed Parties from all claims for any and all changes in the quality and level of the water in such bodies.

All persons are hereby notified that from time to time alligators and other wildlife may habitate or enter into water bodies within or nearby the Property and may pose a threat to persons, pets and property, but that the Listed Parties are under no duty to protect against, and do not in any manner warrant or insure against, any death, injury or damage caused by such wildlife.

Section 3. Exculpation of LAKE HENDON, the Board, and the Association. LAKE HENDON, the Board and the Association may grant, withhold or deny its permission or approval in any instance where its permission or approval is permitted or required without liability of any nature to the Owner or any other person for any reason whatsoever, and any permission or approval granted shall be binding upon all persons.

Section 4. No Implied Waiver. The failure of the Association or LAKE HENDON to object to an Owner's or other party's failure to comply with these Covenants or any other Governing Documents (including any Rules and Regulations promulgated) shall in no event be deemed a waiver by LAKE HENDON or the Association, or any other person having an interest therein, of that Owner's or other party's requirement and obligation to abide by these Covenants.

Section 5. Imposition of Fines for Violations. It is acknowledged and agreed among all Owners that a violation of any of the provisions of this Article XV by an Owner or resident may impose irreparable harm to the other Owners or residents. All Owners agree that a fine not to exceed One Hundred and No/100 Dollars (\$100.00) per day may be imposed by LAKE HENDON or Association for each day a violation continues after notification by LAKE HENDON or the Association. All fines collected shall be used for the benefit of the Association. Any fine levied shall be paid within fifteen (15) days after mailing of notice of the fine. If not paid within said fifteen (15) days the amount of such fine shall accrue interest at the highest interest rate allowed by the laws of Florida, and shall be treated as a Special Assessment as provided in Article XV.

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IN WITNESS WHEREOF, LAKE HENDON RESERVE, LLC, a Florida limited liability company, has executed this Declaration this 18th day of October, 2002.

LAKE HENDON RESERVE, LLC,
A Florida Limited Liability Company

By: [Signature]
Print FRANK H. CAWTHON JR.
Title MANAGING MEMBER

STATE OF FLORIDA
COUNTY OF ORANGE

The foregoing instrument was acknowledged before me this 18th day of October, 2002, by FRANK H. CAWTHON JR., MANAGING MEMBER of **LAKE HENDON RESERVE, LLC**, a Florida limited liability company, on behalf of the company. He is personally known to me or has produced _____ as identification.

My Commission Expires:

[Signature]
Print DEBORAH A. LAMOTHE
Notary Public

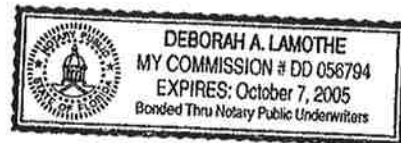


EXHIBIT A
Legal Description

CL 2002179764

OR 2132/1934

Parcel One:

Lots 1 through 8, inclusive, in the North $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of Section 16, Township 25 South, Range 31 East, according to the Plat of New Map of Narcoossee, recorded in Plat Book 1, Pages 73 and 74, Public Records of Osceola County, Florida.

Parcel Two:

Lots 24 through 31, inclusive, in the North $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ of Section 17, Township 25 South, Range 31 East, according to the plat of New Map of Narcoossee, recorded in Plat Book 1, Pages 73 and 74, Public Records of Osceola County, Florida.

Parcel Three:

Lot 7, in the South $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of Section 16, Township 25 South, Range 31 East, according to the Plat of New Map of Narcoossee, recorded in Plat Book 1, Pages 73 and 74, Public Records of Osceola County, Florida.

EXHIBIT A**LEGAL DESCRIPTION****Parcel Four:**

Commence at the Southeast corner of Lot 1, SW $\frac{1}{4}$ Section 9, Township 25 South, Range 31 East, Town of Narcoossee, said Point being on the South line of Lot 1, SW $\frac{1}{4}$ of Section 9, Township 25 South, Range 31 East, and run thence West along the south line of Lot 1, 1692.5 feet to a concrete marker, the point of beginning; from said point of beginning, continue thence West 949.2 feet to the West line of Section 9, Township 25 South, Range 31 East, thence run 30 feet North to the water's edge of Lake Hendon, thence run Easterly and Northerly along the water's edge of said Lake Hendon to a point due North of the Point of Beginning, thence run South 75 feet to the point of beginning; said lands being a part of Lot 1, in the Southwest $\frac{1}{4}$ of Section 9, Township 25 South, Range 31, according to the Plat of New Map of Narcoossee, recorded in Plat Book 1, Pages 73 and 74, Public Records of Osceola County, Florida.

CL 3902178764
CL 2002151284

OR 2102/1930

Legal Description

Parcel Five:

That Portion of SE ¼ of SE ¼ lying southerly of Lake Hendon & North of Disston Blvd., LESS West 127.34 Feet thereof, Section 08, Township 25 South, Range 31 East, Osceola County, Florida, containing three (3) acres more or less.

EXHIBIT BFILED
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

02 OCT 18 PM 12:34

**ARTICLES OF INCORPORATION
OF
LAKE HENDON RESERVE HOMEOWNERS ASSOCIATION, INC.****ARTICLE 1****NAME**

1. Name. The name of the corporation is: **LAKE HENDON RESERVE HOMEOWNERS ASSOCIATION, INC.** (hereinafter referred to as the "Association").

ARTICLE 2**DEFINITIONS**

2. Definitions. Unless defined in these Articles or the Bylaws all terms used in the Articles and the Bylaws shall have the same meanings as used in the DECLARATION OF COVENANTS AND RESTRICTIONS FOR LAKE HENDON RESERVE (the "Declaration").

ARTICLE 3**PURPOSE**

3. Purpose. The purposes for which the Association is organized are as follows:

3.1 To operate as a corporation not-for-profit pursuant to Chapter 617 of the Florida Statutes.

3.2 To administer, enforce and carry out the terms and provisions of the Declaration as same may be amended or supplemented from time to time.

3.3 To administer, enforce and carry out the terms and provisions of any other Declaration of Covenants and Restrictions or similar document, submitting property to the jurisdiction of or assigning responsibilities, rights or duties to the Association and accepted by the Board of Directors of the Association (the "Board").

3.4 To promote the health, safety, comfort and social and economic welfare of the members of the Association and the Owners and Residents of Lots in the Property as defined and authorized by the Declaration, by these Articles, and by the Bylaws.

3.5 To operate, maintain and manage the surface water or stormwater management system(s) in a manner consistent with any applicable water management district permit requirements and any applicable district rules, and to assist in the enforcement of any provisions of the Declaration which relate to the surface water or stormwater management system.

3.6 To operate, maintain and manage any and all wetland, conservation and upland preserve areas in a manner consistent with permit requirements and applicable governmental or public agency rules and to enforce the provisions in the Declaration which relate to any environmentally protected areas.

ARTICLE 4

POWERS

4. Powers. The Association shall have the following powers:

4.1 All of the common law and statutory powers of a corporation not-for-profit under the laws of Florida which are not in conflict with the terms of these Articles.

4.2 To enter into, make, establish and enforce, rules, regulations, Bylaws, covenants, restrictions and agreements to carry out the purposes of the Association.

4.3 To make and collect all Assessments to defray the costs, expenses, reserves and losses incurred or to be incurred and to use the proceeds thereof in the exercise of the Association's powers and duties.

4.4 To own, purchase, sell, mortgage, lease, administer, manage, operate, maintain, improve, repair and/or replace real and personal property.

4.5 To hold funds for the exclusive benefit of the members of the Association as set forth in these Articles and as provided in the Declaration and the Bylaws.

4.6 To purchase insurance for the protection of the Association, its officers, directors and members, and such other parties as the Association may determine to be in the best interests of the Association.

4.7 To operate, maintain, repair, and improve all Common Areas and such other portions of the Property as may be determined by the Board from time to time.

4.8 To honor and perform under all contracts and agreements entered between third parties and the Association or third parties and Lake Hendon which are assigned to the Association.

4.9 To exercise architectural control, either directly or through appointed committees, over all buildings, structures and improvements to be placed or constructed upon any portion of the lands submitted to the jurisdiction of the Declaration or any supplement thereto. Such control shall be exercised pursuant to the Declaration.

4.10 To provide for any and all other functions and services within LAKE HENDON RESERVE HOMEOWNERS ASSOCIATION (as defined in the Declaration) as the Board in its discretion determines necessary or appropriate.

4.11 To provide, purchase, acquire, replace, improve, maintain and/or repair such buildings, structures, streets (to the extent not maintained by public authority), pathways, and other structures, landscaping, paving and equipment, both real and personal, related to the health, safety and social welfare of the members of the Association and the Owners and Residents of the Property as the Board in its discretion determines necessary or appropriate.

4.12 To employ personnel necessary to perform the obligations, services and duties required of or to be performed by the Association and/or to contract with others for the performance of such obligations, services and/or duties and to pay the cost thereof in accordance with whatever contractual arrangement the Board shall enter.

4.13 To levy and collect adequate assessments from members for the costs of maintenance and operation of the surface water or stormwater management system, the wetlands, conservation, and upland preserve areas.

4.14 To operate, maintain and manage the surface water or stormwater management system(s) in a manner consistent with the applicable water management district permit requirements and applicable district rules, and to assist in the enforcement of the provisions of the Declaration which relate to the surface water or stormwater management system.

4.15 To operate, maintain and manage any and all wetland, conservation and upland preserve areas in a manner consistent with permit requirements and applicable governmental or public agency rules and to enforce the provisions in the Declaration which relate to any environmentally protected areas.

ARTICLE 5

MEMBERS

5.1 Membership. Except as is set forth in this Article 5, every Owner who is a record titleholder of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association shall be a member of the Association, provided that any such Owner which holds such interest merely as a security for the performance of any obligation shall not be a MEMBER.

5.2 Transfer of Membership. Transfer of membership in the Association shall be established by the recording in the Public Records of Osceola County of a deed or other instrument establishing a transfer of record title to any Lot for which membership has already been established. The OWNER designated by such instrument of conveyance thereby becomes a member, and the prior member's membership thereby is terminated. In the event of death of a member his membership shall be automatically transferred to his heirs or successors in interest. Notwithstanding the foregoing, the Association shall not be obligated to recognize such a transfer of membership until such time as the Association receives a true copy of the recorded deed or other

instrument establishing the transfer of ownership of the Lot, and it shall be the responsibility and obligation of both the former and the new OWNER of the Lot to provide such true copy of said recorded instrument to the Association.

5.3 Prohibition Against Transfer. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the Lot associated with the membership of that member, nor may a membership be separately assigned, hypothecated or transferred in any manner except as an appurtenance to the Lot.

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

Class A. Class A Members shall be all Owners with the exception of **LAKE HENDON RESERVE, LLC** ("Lake Hendon"), as that entity is defined in the Declaration, and each Class A Member shall be entitled to one (1) vote for each Lot owned. When more than one Owner holds an interest in any Lot, all such Owners shall be Class A Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be Lake Hendon, and Lake Hendon shall be entitled to three (3) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occur earlier:

- (a) When the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership, or
- (b) On December 31, 2012; or
- (c) At such time as the Class B Member voluntarily relinquishes its right to three (3) votes for each Lot.

From and after the happening of these events, whichever occurs earlier, the Class B Members shall be deemed Class A Members entitled to one (1) vote for each Lot in which it holds the interest required under this Article.

5.5 Voting by Co-Owners. If the Lot associated with the membership of a member is owned by more than one Owner, the vote(s) of the member may be cast at any meeting by any Co-Owner of the Lot. If when the vote(s) is (are) to be cast, a dispute arises between the Co-Owners as to how the vote(s) will be cast, they shall lose the right to cast their vote(s) on the matter being voted upon, but their vote(s) continue to be counted for purposes of determining the existence of a quorum.

5.6 Proxies. Every member entitled to vote at a meeting of the members, or to express consent or dissent without a meeting, may authorize another Person to act on the member's behalf by a proxy signed by such member. Any proxy shall be delivered to the Secretary of the Association or the Person acting as Secretary at the meeting, at or prior to the time designated in the order of business for so delivering such proxies. No proxy shall be valid after the expiration of eleven (11) months from the date thereof, unless otherwise provided in the proxy. Every proxy shall be revocable at any time at the pleasure of the member executing it.

5.7 Calculation of Votes. Any question concerning the number of votes which may be cast by a member shall be decided by the Board.

ARTICLE 6 PERSONS SERVING ON THE BOARD

6.1 Persons serving on the Board. The affairs of the Association shall be managed by a Board consisting of at least three (3) Persons, nor more than five (5) Persons, and which shall always be an odd number. The number of Persons on the Board shall be determined in accordance with the Bylaws. In the absence of such determination, there shall be three (3) Persons on the Board.

6.2 Lake Hendon shall appoint the Persons to serve on the Board of the Association as follows:

6.2.1 Lake Hendon shall have the right to appoint all Persons on the Board until the Class A Membership comprises more than seventy-five percent (75%) of the total number of votes of members as determined by Article 5 hereof.

6.2.2 Thereafter, a Person serving on the Board shall be elected by the members of the Association.

6.3 After Lake Hendon no longer has the right to appoint all Persons on the Board under Section 6.2.1, or earlier if Lake Hendon so elects, then and only then shall any Persons on the Board be elected by the members of the Association.

6.4 All of the duties and powers of the Association existing under Chapter 617 of the Florida Statutes, the Declaration, these Articles and the Bylaws shall be exercised exclusively by the Board, its agents, contractors or employees, subject to approval by the members only when specifically required.

6.5 A Person on the Board may be removed and vacancies on the Board shall be filled in the manner provided by the Bylaws. However, any Person on the Board appointed by Lake Hendon may only be removed by Lake Hendon, and any vacancy on the Board of a Person appointed by Lake Hendon shall be filled by Lake Hendon.

6.6 The names and addresses of the Persons on the Board who shall hold office until their successors are elected or appointed, or until removed, are as follows:

Frank H. Cawthon, Jr.	1100 South Orange Avenue - Suite A Orlando, Florida 32806
Donald J. Curotto	14 E. Washington Street - Suite 600 Orlando, Florida 32801
Cheryl Gotsis	401 Ferguson Street Orlando, Florida 32805

ARTICLE 7

OFFICERS

7. Officers. The Officers of the Association shall be a President, Vice President, Secretary, Treasurer and such other officers as the Board may from time to time by resolution create. The Officers shall serve at the pleasure of the Board, and the Bylaws may provide for the removal from office of Officers, for filling vacancies, and for the duties of the Officers. The names of the Officers who shall serve until their successors are designated by the Board are as follows:

President/Secretary/Treasurer - FRANK H. CAWTHON, JR.

ARTICLE 8

INDEMNIFICATION

8. Indemnification of Officers, Members of the Board or Agents. The Association shall indemnify any Owner who was or is a party or is threatened to be made a party, to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a member of the Board, 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 proceeding 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 proceeding, if he had no reasonable cause to believe his conduct was unlawful; or matter as to which such Owner shall have been adjudged to be liable for gross negligence or willful 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 the circumstances of the case, such Owner 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, in and of itself, create a presumption that the Owner 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, that he had no reasonable cause to believe that his conduct was unlawful.

8.1 To the extent that a member of the Board, Officer, employee or agent of the Association is entitled to indemnification by the Association in accordance with this Article 8, he shall be indemnified against expenses (including attorneys' fees and appellate attorneys' fees) actually and reasonably incurred by him in connection therewith.

8.2 Expenses incurred in defending a civil or criminal action, suit or proceeding shall be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the members of the Board, Officer, employee or agent of the Association 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.

8.3 The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the laws of the State of Florida, any Bylaw, agreement, vote of members or otherwise. As to action taken in an official capacity while holding office, the indemnification provided by this Article shall continue as to a Owner who has ceased to be a member of the Board, Officer, employee, or agent of the Association and shall inure to the benefit of the heirs, executors and administrators of such a Owner.

8.4 The Association shall have the power to purchase and maintain insurance on behalf of any Owner who is or was a member of the Board, Officer, employee or agent of the Association, or is or was serving at the request of the Association as a member of the Board, 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, as 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 9

BYLAWS

9. Initial Bylaws. The initial Bylaws shall be adopted by the Board, and may be altered, amended or rescinded in the manner provided by the Bylaws.

ARTICLE 10

AMENDMENTS

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

10.1 Initiation. A resolution to amend these Articles may be proposed by a majority of the Persons serving on the Board, or by members holding not less than ten percent (10%) of the votes of the entire membership of the Association.

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

10.3 Adoption of Amendments.

10.3.1 A resolution for the adoption of the proposed amendment shall be adopted by members having not less than a majority of the votes of the entire membership of the Association.

10.3.2 Amendment of the Articles shall require the assent of two-thirds (2/3) of the votes of the members.

10.3.3 Upon the approval of an amendment to these Articles, Articles of Amendment shall be executed and delivered to the Department of State as provided by law, and a copy certified by the Department of State shall be recorded in the Public Records of Orange County, Florida, as an amendment to the Declaration.

ARTICLE 11
INCORPORATOR

The name and street address of the Incorporator is:

FRANK H. CAWTHON, JR.
1100 South Orange Avenue – Suite A
Orlando, Florida 32806

ARTICLE 12
INITIAL REGISTERED AND PRINCIPAL OFFICE ADDRESS
AND NAME OF INITIAL REGISTERED AGENT

The street address of the initial registered office and principal office of the Association is 1100 South Orange Avenue, Suite A, Orlando, Florida 32806. The initial Registered Agent of the Association at that address is Frank H. Cawthon, Jr.

IN WITNESS WHEREOF, the Incorporator and the initial Registered Agent have executed these Articles.

Witnesses:

Jeanne Adams
Print Jeanne Adams
Donald Curotto
Print Donald Curotto

Frank H. Cawthon, Jr.
Frank H. Cawthon, Jr.
Incorporator

STATE OF FLORIDA
COUNTY OF ORANGE

The foregoing instrument was acknowledged before me this 16th day of October, 2002, by FRANK H. CAWTHON, JR., who is personally known to me.

My Commission Expires:

Donald Curotto
Print Donald Curotto
Notary Public

DONALD CUROTTA
Notary Public, State of Florida
My comm. exp. Nov. 12, 2005
Comm. No. DD 067348

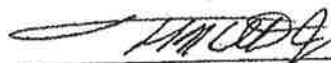
**CERTIFICATE DESIGNATING REGISTERED AGENT FOR
THE SERVICE OF PROCESS WITHIN THIS STATE**

Pursuant to Chapter 48, Florida Statutes, the following is submitted in compliance with said Act:

LAKE HENDON RESERVE HOMEOWNERS ASSOCIATION, INC., desiring to organize as a corporation under the laws of the State of Florida with its registered office at 1100 South Orange Avenue, Suite A, Orlando, Florida 32806, has named **FRANK H. CAWTHON, JR.**, located at the above registered office, as its Registered Agent to accept service of process within this state.

ACKNOWLEDGMENT:

Having been named to accept service of process for the above stated corporation, at place designated in this Certificate, I hereby agree to act in this capacity, and further agree to comply with the provisions of said Act relative to keeping open said office.



FRANK H. CAWTHON, JR.

October 16, 2002

FILED
SECRETARY OF STATE
TALLAHASSEE, FLORIDA
02 OCT 18 PM 12:34

EXHIBIT C

**BYLAWS
OF
LAKE HENDON RESERVE HOMEOWNERS ASSOCIATION, INC.,
A Florida Corporation Not-For-Profit**

1. General.

1.1 Identity. These are the Bylaws of **LAKE HENDON RESERVE HOMEOWNERS ASSOCIATION, INC.** (the "Association"), a corporation not-for-profit formed under the laws of the State of Florida. The Association has been organized for the purposes stated in the Articles of Incorporation (the "Articles"), and the DECLARATION OF COVENANTS AND RESTRICTIONS FOR LAKE HENDON RESERVE HOMEOWNERS ASSOCIATION (the "Declaration"). The Association shall have all of the powers provided in these Bylaws, the Articles, the Declaration (collectively, the "Governing Documents"), and any other statute or law of the State of Florida or any other power incident to any of the above powers.

1.2 Principal Office. The principal office of the Association shall be at such place as the Board may determine from time to time.

1.3 Fiscal Year. The fiscal year of the Association shall be the calendar year.

1.4 Seal. The seal of the Association shall have inscribed upon it **LAKE HENDON RESERVE HOMEOWNERS ASSOCIATION, INC.**, the year "2002" and the words "Corporation Not-For-Profit." The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed or otherwise reproduced upon any instrument or document executed in the name of the Association.

1.5 Inspection of Books and Records. The records of the Association shall be open to inspection by any Member of the Association, upon request, during normal business hours or under other reasonable circumstances. The records of the Association shall include current copies of the Declaration, the Articles, the Bylaws, any Rules and Regulations of the Association, any contracts entered into by the Association, and the books, records and financial statements of the Association. The Association shall be required to make available to perspective purchasers of any Lot, current copies of the Governing Documents and the most recent annual financial statement of the Association.

1.6 Definitions. Unless the context otherwise requires, all terms used in these Bylaws shall have the same meaning as are attributed to them in the Declaration and the Articles.

2. Membership in General.

2.1 Qualification. The qualification of Members, the manner of their admission to membership, changes in membership, and the termination of such membership, shall be as set forth in the Declaration and the Articles.

2.2 Member Register. The Secretary of the Association shall maintain a register in the office of the Association showing the names and addresses of the Members of the Association. Each Member shall at all times advise the Secretary of any change of address of the Member or of any change of ownership of the Member's Lot. The Association shall not be responsible for reflecting any changes until notified of such change in writing.

3. Membership Voting.

3.1 Majority Vote. The acts approved by a majority of the votes present in person or by proxy at a meeting at which a quorum is present, shall be binding upon all Members for all purposes, except where otherwise provided by law or in the Governing Documents.

3.2 Determination of Voting Rights. The Association shall have two (2) classes of membership:

Class A. Class A Members shall be all Owners with the exception of the Developer and any Builder, as that term is defined in the Declaration, and each Class A Member shall be entitled to one (1) vote for each Lot owned. When more than one Person holds an interest in any Lot, all such Persons shall be Class A Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Developer and any Builder, and the Developer and any Builder shall be entitled to three (3) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occur earlier:

(a) When the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership, or

(b) On December 31, 2012.

From and after the happening of these events, whichever occur earlier, the Class B Members shall be deemed Class A Members entitled to one (1) vote for each Lot in which it holds the interest required under this Article.

3.3 Voting by Co-Owners. If the Lot associated with the membership of a Member is owned by more than one individual or by an entity, the vote(s) of the Member may be cast at any meeting by any Co-Owner of the Lot. If when the vote(s) is (are) to be cast, a dispute arises between the Co-Owners as to how the vote(s) will be cast, they shall lose the right to cast their vote(s) on the matter being voted upon, but their vote(s) shall continue to be counted for purposes of determining the existence of a quorum.

3.4 Proxies. Every Member entitled to vote at a meeting of the Members, or to express consent or dissent without a meeting, may authorize another Person to act on the Member's

behalf by a proxy signed by such Member. Any proxy shall be delivered to the Secretary of the Association or the Person acting as Secretary at the meeting, at or prior to the time designated in the order of business for so delivering such proxies. No proxy shall be valid after the expiration of eleven (11) months from the date thereof, unless otherwise provided in the proxy. Every proxy shall be revocable at any time at the pleasure of the Member executing it.

3.5 Calculation of Votes. Any question concerning the number of votes which may be cast by a Member shall be decided by the Board.

4. Membership Meetings.

4.1 Who May Attend. Any Person entitled to cast the votes of the Member, and in the event any Lot is owned by more than one Person, all Co-Owners of the Lot may attend any meeting of the Members. However, the votes of any Member shall be cast in accordance with the provisions of Section 3 above. Any Person not expressly authorized to attend a meeting of the Members, as set forth above, may be excluded from any meeting of the Members by the presiding officer of the meeting.

4.2 Place. All meetings of the Members shall be held at the principal office of the Association or at any other location as designated by the Board and stated in the notice of meeting.

4.3 Quorum Requirements. Except as set forth hereinafter or unless otherwise so provided, at any regular or special meeting of the Members, the presence in person or by proxy of Members entitled to cast a majority of the votes of the entire membership at the time of such vote shall constitute a quorum. If any meeting of the Members cannot be organized because a quorum is not present, a majority of the votes of the Members present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence in person or by proxy of Members holding at least twenty-five percent (25%) of the votes of the entire membership. Such an adjourned meeting may be held without notice thereof as provided in subsection 4.4, provided that notice is given by announcement at the meeting at which such adjournment is taken. If, however, such an adjourned meeting is actually attended, in person or by proxy, by Members entitled to cast less than one-third (1/3) of the total votes of the membership, notwithstanding the presence of a quorum, no matter may be voted upon except such matters notice of the general nature of which was given pursuant to subsections 4.4 and 4.7 hereof. If a meeting of Members is adjourned for more than thirty (30) days from the originally scheduled meeting date, or if the Members adjourn a meeting without specifying a date for holding the adjourned meeting, the quorum and notice requirements for the holding of such adjourned meeting shall then be the same as the notice and quorum requirements prescribed for special meetings.

4.4 Notices. Written notice stating the location, day and hour of any meeting and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each Member not less than five (5) nor more than sixty (60) days before the date of the meeting, by or at the direction of the President, the Secretary, or the Officer or persons calling the meeting. The notice may set forth time limits for speakers and nominating procedures for the

meeting. The notice of any meeting at which members of the Board are to be elected shall include the names of all those who are nominees at the time the notice is given to the Members. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the Member at the Member's address as it appears on the records of the Association, unless such Member shall have filed a written request with the Secretary of the Association stating that notices to him be mailed to some other address. All notices shall be dated and shall be mailed to the Members as soon after the date of the notice as is practical. The date of the notice shall be the date used for the purpose of determining Members entitled to notice of, or to vote at, any meeting of the Members of the Association, or in order to make a determination of the Members for any other purpose. The Board shall not be required to take into account any changes in membership occurring after that date but may, in their sole and absolute discretion, do so. If the Lot of a Member is owned by more than one Person, only one notice shall be required to be sent with respect to the Member, which shall be made to the person designated in the records of the Association.

4.5 Waiver of Notice. Whenever any notice is required to be given to any Member under the provisions of the Articles or these Bylaws, or as otherwise provided by law, a waiver in writing signed by the Person or Persons entitled to such notice whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a Member at a meeting shall constitute a waiver of notice of such meeting except when the Member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

4.6 Annual Meeting. The annual meeting for the purpose of electing members of the Board and transacting any other business shall be held at 7:00 p.m. on the first Tuesday in April or at such other time in the month of April as shall be selected by the Board. If the Board fails to call the annual meeting by the end of April, then within thirty (30) days after the written request of any Member, Officer or member of the Board of the Association, the Secretary shall call the annual meeting.

4.7 Special Meetings. Special meetings of the Members may be requested by written notice to the Secretary by any member of the Board, the President, or any Members having not less than ten percent (10%) of the votes of the entire membership, or as otherwise provided by law. Such request shall state the purpose of the proposed meeting. Business transacted at all special meetings shall be confined to the subjects stated in the notice of meeting. Notice of any special meeting shall be given in accordance with subsection 4.3 to all of the Members within thirty (30) days after a special meeting is duly requested.

4.8 Adjournments. Any meeting may be adjourned or continued by a majority of the votes present at the meeting in person or by proxy, regardless of a quorum, or if no Member entitled to vote is present at a meeting, then any Officer of the Association may adjourn the meeting. If any meeting is adjourned or continued to another time or place, it shall not be necessary to give any notice of the adjourned meeting, if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and any business may be transacted at the adjourned meeting that might have been transacted at the original meeting. If the time and place to which the meeting is adjourned are announced at the meeting at which the

adjournment is taken, notice of the adjourned meeting may be given to Members not present at the original meeting, without giving notice to the Members who were present at such meeting.

4.9 Organization. At each meeting of the Members, the President, or in his absence, the Vice President shall act as chairman of the meeting. The Secretary, or in his absence or inability to act, any Person appointed by the chairman of the meeting shall act as Secretary of the meeting.

4.10 Minutes. The minutes of all meetings of the Members shall be kept in a book available for inspection by the Members or their authorized representatives, and the members of the Board, at any reasonable time.

4.11 Actions Without a Meeting. Any action required or permitted to be taken at any annual or special meeting of the Members may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, shall be signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. Within ten (10) days after obtaining such authorization by written consent, notice shall be given to those Members who have not consented in writing. The notice shall fairly summarize the material features of the authorized action. If the Lot(s) for which membership is established in the Association is owned by more than one Person or by an entity, the consent for such Lot(s) need only be signed by one Person who would be entitled to cast the vote(s) for the Lot(s).

5. Board.

5.1 Number of Members of the Board.

5.1.1 The affairs of the Association shall be managed by a Board comprised of not less than three (3) nor more than five (5) members. So long as the Developer is entitled to appoint all members of the Board pursuant to the Articles, the number of members of the Board will be determined, and may be changed from time to time, by the Developer by written notice to the Board. In the absence of such notification, there shall be three (3) members of the Board.

5.1.2 When the Developer is no longer entitled to appoint all members of the Board, the number of members of the Board shall be increased to at least five (5).

5.1.3 Notwithstanding the foregoing, in no event shall there be less than three (3) members of the Board, and the number of members of the Board shall always be an odd number. The Members shall not have the right to change the number of members of the Board so long as the Developer has the right to determine the number of members of the Board as set forth above.

5.2 Election of Members of the Board. Election to the Board by the Members of the Association shall be conducted in the following manner:

5.2.1 At any time after the Developer no longer has the right to appoint one or more members of the Board or upon the earlier voluntary relinquishment by the Developer of its right to appoint any or all members of the Board, the existing Board shall appoint a nominating committee composed of Members. The Board shall send a notice to all Members advising of the impending election of members to the Board, the names and addresses of members of the nominating committee, and the date the committee will make decisions concerning nominations for election to the Board, which date shall be no less than fifteen (15) days after the date of the notice. Members may then submit names in writing of proposed members of the Board to members of the nominating committee.

5.2.2 The nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled (see subsection 5.1.2). Such nominations may be made from among Members or non-members as the committee in its discretion shall determine. Nominations shall be placed on a written ballot provided in subsection 5.2.3 for the mailing of such ballots to the Members.

5.2.3 All elections to the Board shall be made by written ballot which shall:

- (a) indicate the number of vacancies to be filled;
- (b) set forth the names of those nominated by the nominating committee;
- (c) contain a space for write-in vote by the Members; and
- (d) contain a requirement that the Member must cast the same number of votes as the number of vacancies on the Board. For example, if the Member has one (1) vote, there are five (5) nominees and three (3) vacancies, the Member must vote for no more and no less than three (3) nominees or the ballot will not be counted. If the Member is entitled to, for instance, five (5) votes, in the example in the previous sentence, the Member must vote his five (5) votes as a block for no more and no less than three (3) nominees or the ballot will not be counted. That is, three (3) nominees on that ballot will receive exactly five (5) votes each.

Such ballots shall be prepared and mailed by the Secretary to the Members at least fourteen (14) days in advance of the date set forth therein for a return (which shall be a date not later than the day before the annual meeting or special meeting called for that purpose). The Secretary shall include with the ballot a brief summary and description of each Person nominated by the Board.

5.2.4 The completed ballot shall be returned as follows:

- (a) Each ballot shall be placed in a sealed envelope which shall bear on its face the name and signature of the Member or his proxy, the number of votes of that Member, and such other information as the Board may determine will serve to establish his right to

cast the vote or votes presented in the ballot or ballots contained therein. The ballots shall be returned to the Secretary at the address of the Association.

5.2.5 Upon receipt of each return, the Secretary shall immediately place it in a safe or other locked place until the day set for the return of all ballots. On that day the envelopes containing the ballot(s) shall be turned over, unopened, to a separate Election Committee which shall consist of three (3) Persons appointed by the Board. The Election Committee shall then adopt a procedure which shall:

- (a) establish that the number of votes set forth on the envelope and on the ballot corresponds to the number of votes allowed to the Member or his proxy; and
- (b) that the signature of the Member or his proxy on the outside envelope is genuine; and
- (c) if the vote is by proxy that a proxy has been filed with the Secretary as provided herein, and that such proxy is valid.

The Election Committee shall proceed to the opening of the envelopes and the counting of the votes. The Election Committee shall immediately send written notice to all Members advising of the results of the election. The ballots and the outside envelopes shall be returned to the Secretary to be kept in a safe or other locked place for a minimum of thirty (30) days. If no Member requests a review of the procedures and vote within said thirty (30) days, the ballots and outside envelopes shall be destroyed.

5.3 Term of Office. On the first occasion that the Members, other than the Developer, have the opportunity to elect any members of the Board, the Members shall have the right to elect at least two (2) members of the Board. The term of office of the member of the Board receiving the highest number of votes shall be two (2) years and the term of office of the member(s) of the Board receiving the next highest number of votes shall be one (1) year. Each member of the Board shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. Just prior to each annual meeting thereafter, new members of the Board shall be elected to fill vacancies created by the death, resignation, removal, judicial adjudication of mental incompetence or expiration of the terms of past members of the Board and the term of each such member of the Board shall be two (2) years.

On the first occasion that the Members, other than the Developer, have the opportunity to elect all members of the Board, the new members of the Board shall be elected to replace the members of the Board appointed by the Developer as provided in these Bylaws. The term of office of the two (2) members of the Board receiving the highest number of votes shall be two (2) years and the term of office of the other member of the Board shall be one (1) year. It is the intention of this provision to create staggered terms so that at least one-third (1/3) of the members of the Board shall be elected each year. The term of office of each member of the Board elected to fill a vacancy created by the expiration of the term of office of the respective past member of the Board shall be two (2) years. The term of office of each member of the Board elected or appointed to fill a vacancy created by the resignation, death or removal of his predecessor shall be the balance of the

unserved term of his predecessor. Any Person serving as a member of the Board may be re-elected, and there shall be no limitation on the number of terms during which he may serve.

5.4 Organizational Meeting. The newly elected Board shall meet for the purposes of organization, the election of officers and the transaction of other business immediately after their election or within ten (10) days of same at such place and time as shall be fixed by the members of the Board, and no further notice of the organizational meeting shall be necessary.

5.5 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the members of the Board.

5.6 Special Meetings. Special meetings of the Board may be called by any member the Board, or by the President if not otherwise a member of the Board, at any time.

5.7 Board Action Without a Meeting. Any action required to be taken at a meeting of the members of the Board, or any action which may be taken at a meeting of the members of the Board, may be taken without a meeting if a consent in writing setting forth the action so to be taken is signed by all members of the Board and is filed in the minutes of the proceedings of the Board. Such consent shall have the same effect as a unanimous vote.

5.8 Notice of Meetings. Notice of each meeting of the Board shall be given by the Secretary, or by any other officer or member of the Board, stating the day, location and time of the meeting. Notice of such meeting shall be delivered to each member of the Board either personally or by telephone or telegraph, at least twenty-four (24) hours before the time at which such meeting is to be held, or by first class mail, postage prepaid, at least three (3) days before the day on which such meeting is to be held. Notice of a meeting of the Board need not be given to any member of the Board who signs a waiver of notice either before or after the meeting. Attendance of a member of the Board at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place, the time or the manner in which the meeting has been called or convened, except when a member of the Board states, at the beginning of the meeting, an objection to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in any notice or waiver of notice of such meeting.

5.9 Attendance at Board Meetings. All meetings of the Board shall be open to all Members. A member of the Board may appear at a Board meeting by telephone conference, but in that event a telephone speaker shall be attached so that any discussion may be heard by the members of the Board and any Members present as in an open meeting.

5.10 Quorum and Manner of Acting. A majority of the Board shall constitute a quorum for the transaction of any business at a meeting of the Board. The act of the majority of the members of the Board present at a meeting at which a quorum is present shall be the act of the Board unless the act of a greater number of members of the Board is required by statute or the Governing Documents.

5.11 Adjourned Meetings. A majority of the members of the Board present at a meeting, whether or not a quorum exists, may adjourn any meeting of the Board to another location and time. Notice of any such adjourned meeting shall be given to the members of the Board who are not present at the time of the adjournment and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other members of the Board. Any business that might have been transacted at the meeting as originally called may be transacted at any adjourned meeting without further notice.

5.12 Presiding Officer. The presiding officer of the meetings of the Board shall be the Chairman of the Board if such an officer is elected; and if none, the President of the Association shall preside if the President is a member of the Board. In the absence of the presiding officer, the members of the Board shall designate one of their members to preside.

5.13 Minutes of Meetings. The minutes of all meetings of the Board shall be kept in a book available for inspection by the Members or members of the Board.

5.14 Committees. The Board may by resolution appoint committees. Any committee may exercise such powers, duties and functions as may be determined by the Board which may include any powers which may be exercised by the Board.

5.15 Resignation. Any member of the Board may resign at any time by giving written notice of his resignation to the Secretary. Any resignation shall take effect at the time specified therein or, if the time when such resignation is to become effective is not specified therein, immediately upon its receipt. Unless otherwise specified therein, the acceptance of a resignation shall not be necessary to make it effective.

5.16 Removal of Members of the Board. Members of the Board may be removed as follows:

5.16.1 Any member of the Board other than a member appointed by the Developer may be removed by majority vote of the remaining members of the Board if such member has been absent for the last three consecutive Board meetings, and/or adjournments and continuances of such meetings.

5.16.2 Any member of the Board other than a member appointed by the Developer may be removed with or without cause by a majority of the votes the Members cast at a special meeting of the Members called by Members having not less than twenty-five percent (25%) of the votes of the entire membership expressly for that purpose. The vacancy on the Board caused by any such removal may be filled by the Members at such meeting or, if the Members shall fail to fill such vacancy, by the Board as in the case of any other vacancy on the Board.

5.17 Vacancies. Vacancies on the Board of any member of the Board appointed by the Developer shall be filled by appointment by the Developer. Unless the vacancy is filled by the Members in accordance with subsection 5.16.2, vacancies on the Board of any member of the Board elected by Members may be filled by a majority vote of the members of the Board then in office, though less than a quorum, or by a sole remaining member of the Board. If there are no

members of the Board in office, then a special election shall be held to elect members of the Board to fill the vacancies.

5.18 Members of the Board Appointed by the Developer. Notwithstanding anything contained herein to the contrary, the Developer shall always have the right to appoint the maximum number of members of the Board in accordance with the privileges granted to the Developer pursuant to the Articles. All members of the Board appointed by the Developer shall serve at the pleasure of the Developer, and the Developer shall have the absolute right, at any time, and in its sole discretion, to remove any member of the Board appointed by him, and to replace such member with another Person to serve on the Board. Replacement of any member of the Board appointed by the Developer shall be made by written notice to the Association which shall specify the name of the Person designated as successor member of the Board. The removal of any member of the Board and the designation of his successor by the Developer shall become effective immediately upon delivery of such written notice by the Developer. The Developer may waive its right to appoint one or more members of the Board which it has the right to appoint at any time upon written notice to the Association, and thereafter such member(s) of the Board shall be elected by the Members.

5.19 Compensation. The Board shall not be entitled to any compensation unless the Members elect to pay them compensation and set the amount of such compensation, at any meeting of the Members.

5.20 Power and Duties. The Board shall have the right to exercise all of the powers and duties of the Association, express or implied, existing under these Bylaws, the Articles, the Declaration, or as otherwise provided by statute or law. Such powers and duties of the Board shall include without limitation (except as limited elsewhere herein), the following:

5.20.1 The operation, care, upkeep and maintenance of the Community Common Areas, and any other portion of the Property determined to be maintained by the Association.

5.20.2 The determination of the expenses required for the operation of the Association.

5.20.3 The collection of Assessments for Common Expenses from Members required to pay same.

5.20.4 The employment and dismissal of personnel.

5.20.5 The adoption and amendment of Rules and Regulations covering the details of the operation and use of property owned and/or maintained by the Association.

5.20.6 Maintaining bank accounts on behalf of the Association and designating signatories required therefor.

5.20.7 Obtaining and reviewing insurance for property owned and/or maintained by the Association.

5.20.8 The making of repairs, additions and improvements to, or alterations of, property owned and/or maintained by the Association.

5.20.9 Borrowing money on behalf of the Association provided however, that the consent of the Members having at least two-thirds (2/3) of the votes of the entire membership, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required for the borrowing of any sum in excess of \$25,000.00.

5.20.10 Contracting for the management and maintenance of property owned and/or maintained by the Association. Authorizing a management agent or company 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 Community Common Areas with such 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 all Governing Documents, including but not limited to, the making of Assessments, promulgation of rules, and execution of contracts on behalf of the Association.

5.20.11 Exercising all powers specifically set forth in the Governing Documents, and as otherwise provided by statute or law, and all powers incidental thereto or implied therefrom.

5.20.12 Entering into and upon any portion of the Property, including the Lot(s), when necessary to maintain, care and preserve any property in the event the respective Owner fails to do so.

5.20.13 Collecting delinquent Assessments by suit or otherwise, abating nuisances, and enjoining or seeking damages from the Members and/or Owners for violations of these Bylaws and the terms and conditions of the Declaration or of the Rules and Regulations of the Association.

5.20.14 Acquiring and entering into agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in lands or facilities, whether or not contiguous to the lands operated by the Association, intended to provide for the enjoyment, recreation, or other use and benefit of the Members and/or Owners and declaring expenses in connection therewith to be Common Expenses; all in such form and in such manner as may be deemed by the Board to be in the best interest of the Association; and the participation in the acquisition of any interest in lands or facilities for the foregoing purposes may be direct or indirect, meaning, without limiting the generality of the foregoing, by direct ownership of land or acquisition of stock in a corporation owning land.

6. Officers.

6.1 Positions and Qualifications. The Officers of the Association shall include a President, a Vice President, a Treasurer and a Secretary, all of whom shall be elected by the Board and may be pre-emptively removed from office with or without cause by vote of the Board at any meeting by concurrence of a majority of the members of the Board. Any Person may hold two or more offices except that the President shall not also be the Secretary. The Board may, from time to time, elect such other officers and designate their powers and duties as the Board shall find to be appropriate to manage the affairs of the Association. Each Officer shall hold office until his successor shall have been elected, qualified, or until his death, resignation, or removal.

6.2 Resignation. Any Officer of the Association may resign at any time by giving written notice of his resignation to any member of the Board, the President or the Secretary. Any resignation shall take effect at the time specified therein, or if there is no time specified therein, immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make such resignation effective.

6.3 Vacancies. A vacancy in any office, whether arising from death, resignation, removal or any other cause may be filled for the unexpired portion of the term of the office which shall be vacant in the manner prescribed in these Bylaws for the regular election or appointment of such office.

6.4 The President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of president of an association or corporation including, but not limited to, the power to appoint committees to assist in the conduct of the affairs of the Association.

6.5 The Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also assist the President generally and exercise such other powers and perform such other duties as may be prescribed by the Board.

6.6 The Secretary. The Secretary shall be responsible for preparing and keeping the minutes of all proceedings of the Board and the Members. He shall be responsible for attending to the giving and serving of all notices to the Members and the members of the Board and other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal. He shall keep the records of the Association, except those of the Treasurer, and shall perform or direct performance of all other duties incident to the office of Secretary of the Association, and as may be required by the Board or the President.

6.7 The Treasurer. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall oversee the keeping of books of account for the Association in accordance with good accounting practices, which, together with substantiating papers, shall be made available to the Board for examination at reasonable times. He shall cause a Treasurer's Report to be submitted to the Board at reasonable intervals and shall perform or cause to be performed all other duties incident to the office of

Treasurer. He shall collect, or direct collection of, all Assessments and shall report promptly to the Board the status of collections.

6.8 Compensation. The Officers of the Association shall not be entitled to compensation unless the Board specifically votes to compensate them. However, neither this provision, nor the provision that members of the Board will not be compensated unless otherwise determined by the Members, shall preclude the Board from employing a member of the Board or an Officer as an employee of the Association and compensating such employee, nor shall they preclude the Association from contracting with a member of the Board for the management of the Community Common Areas or any portion thereof, or for the provision of services to the Association, including, but not limited to, engineering, architectural, planning, landscape planning, accounting or legal services, and in either such event to pay such member of the Board a reasonable fee for such management or provision of services.

7. Finances and Assessments.

7.1 Adoption of the Budget.

7.1.1 By October 31st of each year, or as soon thereafter as is reasonably possible, the Board shall adopt a budget for the next fiscal year, necessary to defray the Common Expenses of the Association for such fiscal year as set out in the Declaration. The Common Expenses of the Association shall include all expenses of any kind or nature whatsoever anticipated to be incurred, by the Association for the next fiscal year. In the event the Board fails to adopt an annual budget for any year, the prior year's budget shall remain in effect until a new budget is adopted or the existing budget is amended or revised.

7.1.2 If, after the adoption of any budget, it shall appear that the adopted budget is insufficient to provide adequate funds to defray the Common Expenses of the Association for the fiscal year in which the adopted budget applies, the Board may adopt an amended budget to provide such funds. All of the above provisions shall apply to the adoption of an amended budget.

7.2 Assessments and Assessment Roll.

7.2.1 Pursuant to the terms of the Declaration, the Board shall fix and determine the amount and frequency of the Members' Assessments for Common Expenses. Such Assessments shall be due not more frequently than monthly, and shall each be in an amount no less than required to provide funds in advance for payment of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred. Any periodic Assessments for Common Expenses, whether quarterly, monthly, or otherwise, shall be equal unless the Board determines unequal Assessments are required to provide funds in advance for the expenses of the Association. As soon as practicable after the determination of the Assessments for Common Expenses, the Association shall notify each Member, in writing, of the amount, frequency and due date of such Members' Assessments, provided, however, that no Assessment shall be due in less than ten (10) days from the date of such notification.

7.2.2 In the event the expenditure of funds by the Association is required that cannot be paid from the Assessments for Common Expenses, the Board may make Special Assessments in the manner as set out in the Declaration.

7.2.3 The Association shall maintain an Assessment roll for each Member, designating the name and current mailing address of the Member, the amount of each Assessment payable by such Member, the dates and amounts in which the Assessments come due, the amounts paid upon the account of the Member, and the balance due.

7.3 Depositories. The funds of the Association shall be deposited in such banks and depositories as may be determined and approved by appropriate resolutions of the Board from time to time. Funds shall be withdrawn only upon checks and demands for money signed by such officers, members of the Board or other persons as may be designated by the Board.

7.4 Application of Payments and Commingling of Funds. All sums collected by the Association from Assessments may be commingled in a single fund or divided into more than one fund, as determined by the Board. Reserve Funds shall be deposited in separate interest bearing accounts.

8. Parliamentary Rules.

8.1 Roberts' Rules of Order (latest edition) shall govern the conduct of the meetings of Members when not in conflict with the Governing Documents.

9. Amendments.

9.1 Initiation. A resolution to amend these Bylaws may be proposed by any member of the Board, or by Members holding not less than ten percent (10%) of the votes of the entire membership of the Association.

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

9.3 Adoption of Amendments.

9.3.1 As long as the Developer appoints a majority of the members of the Board, the Developer shall have the right to unilaterally amend these Bylaws without the joinder or approval of any member of the Board or any Member. No amendment to these Bylaws shall be effective without the written approval of the Developer as long as the Developer owns any portion of the Property.

9.3.2 A resolution for the adoption of the proposed amendment shall be adopted by Members having not less than a majority of the votes of the entire membership of the Association.

9.4 No amendment shall make any changes in the qualification for membership nor in the voting rights or property rights of Members without approval by all of the Members. So long as the Developer owns any portion of the Property, no amendment shall 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 Developer, unless the Developer shall join in the execution of the amendment.

9.5 No modification of, or amendment to, these Bylaws shall be valid without the express written joinder and consent of the Master Association, and as long as there is a Class B membership, the Department of Housing and Urban Development and the Veterans Administration has the right to veto amendments.

10. Rules and Regulations. The Board may, from time to time, adopt or amend previously adopted, Rules and Regulations concerning the use of the Community Common Areas and concerning the use, operation and maintenance of other portions of the Property in order to further implement and carry out the intent of the Governing Documents. The Board shall make available to any Member, upon request, a copy of the Rules and Regulations adopted from time to time by the Board.

11. Miscellaneous.

11.1 Tenses and Genders. The use of any gender or of any tense in these Bylaws shall refer to all genders or to all tenses, wherever the context so requires.

11.2 Partial Invalidity. Should any of the provisions hereof be void or become unenforceable at law or in equity, the remaining provisions shall, nevertheless, be and remain in full force and effect.

11.3 Conflicts. In the event of any conflict, any applicable Florida statute, the Declaration, Articles, and Bylaws, and the Rules and Regulations of the Association shall govern, in that order.

11.4 Captions. Captions are inserted herein only as a matter of convenience and for reference, and in no way are intended to or shall define, limit or describe the scope of these Bylaws or the intent of any provisions hereof.

11.5 Waiver of Objections. The failure of the Board or any Officers of the Association to comply with any terms and provisions of the Governing Documents which relate to time limitations shall not, in and of itself, invalidate the act done or performed. Any such defect shall be waived if it is not objected to by a Member within thirty (30) days after the Member is notified, or becomes aware of the defect. Furthermore, if such defect occurs at a general or special meeting, the defect shall be waived as to all Members who received notice of the meeting and failed to object to such defect at the meeting.

THIS INSTRUMENT PREPARED BY AND RETURN TO:
DONALD J. CUROTTO, ESQUIRE
SHUTTS & BOWEN, LLP
POST OFFICE BOX 4956
ORLANDO, FLORIDA 38202-4956

LARRY WHALEY
OSCEOLA COUNTY, FLORIDA
CLERK OF CIRCUIT COURT

2P

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KMC Date 04/06/2004 Time 13:11:51

--- ABOVE SPACE FOR RECORDING INFORMATION ONLY ---

**FIRST AMENDMENT TO DECLARATION OF COVENANTS
AND RESTRICTIONS FOR LAKE HENDON RESERVE, LLC**

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS AND RESTRICTIONS FOR LAKE HENDON RESERVE, LLC ("First Amendment") is executed this 29th day of March, 2004 (the "Effective Date"), by LAKE HENDON RESERVE, LLC, a Florida limited liability company ("Declarant").

RECITALS:

A. The Declarant executed and recorded that certain Declaration of Covenants and Restrictions for Lake Hendon Reserve, LLC (the "Declaration") dated October 18, 2002, and recorded October 22, 2002, in Official Records Book 2132, Page 1911, Public Records of Osceola County, Florida.

B. The Declarant, being an Owner of more than sixty-six and two-thirds percent (66-2/3%) of the Lots desires to amend the Declaration.

FIRST AMENDMENT

NOW, THEREFORE, for and in consideration of the premises, the above Recitals, and the mutual covenants hereinafter contained, the Declarant hereby amends the Declaration as more fully set forth below:

1. **Recitals and Definitions.** The above Recitals are true and correct and are incorporated by reference as if set forth in full herein. The capitalized terms used herein shall have the same meaning as the capitalized terms used in the Declaration, unless a contrary definition appears herein.

2. **Amendment.**

(A) Article IX entitled Architectural Control is hereby amended and restated as follows:

ARTICLE IX
ARCHITECTURAL CONTROL

Section 1. Except for improvements constructed by LAKE HENDON, no clearing, grading, building, fence, including chain link fences, wall or other structure shall be commenced, erected or maintained upon the Community, nor shall any exterior addition or change or alteration therein, including a change of the building exterior paint color, be made upon any Lot until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to the harmony of external design and location in relation to the surrounding structures and topography by the Board, or by an architectural control committee composed of three (3) or more representatives appointed by the Board ("Committee"). In the event said Board or its designated Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Nothing contained herein shall relieve the Owner from the responsibility of obtaining proper governmental approvals and permits. The minimum square footage of any Home constructed on any Lot shall be three thousand two hundred square feet (3,200') of heated and cooled space.

3. **No Further Amendment.** Except as so amended herein, there shall be no other modifications or amendments to the Declaration.

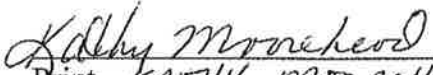
IN WITNESS WHEREOF, the undersigned Declarant, in its capacity as an Owner of more than sixty-six and two-thirds percent (66-2/3%) of the Lots, has caused this instrument to be executed in its name as of the day and year first above written.

Signed, sealed and delivered
in the presence of:

LAKE HENDON RESERVE, LLC,
A Florida Limited Liability Company


Print DAVID MOOREHEAD

By: 
Frank H. Cawthon, Jr.
Managing Member

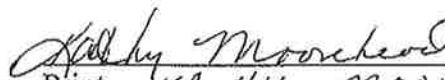

Print KATHY MOOREHEAD

STATE OF FLORIDA
COUNTY OF ORANGE

The foregoing instrument was acknowledged before me this 29th day of March, 2004, by **FRANK H. CAWTHON, JR.**, the Managing Member of **LAKE HENDON RESERVE, LLC**, a Florida limited liability company, on behalf of the company. He is personally known to me or has produced _____ as identification.

My Commission Expires:
Kathy Moorehead
My Commission DD185062
Expires April 22, 2007




Print KATHY MOOREHEAD
Notary Public

THIS INSTRUMENT PREPARED BY AND RETURN TO:
DONALD J. CUROTTO, ESQUIRE
SHUTTS & BOWEN, LLP
POST OFFICE BOX 4956
ORLANDO, FLORIDA 38202-4956

LARRY WHALEY
OSCEOLA COUNTY, FLORIDA
CLERK OF CIRCUIT COURT

2P

CL 2004090338 OR 2504/1909
DME Date 05/07/2004 Time 09:37:21

— ABOVE SPACE FOR RECORDING INFORMATION ONLY —

**SECOND AMENDMENT TO DECLARATION OF COVENANTS
AND RESTRICTIONS FOR LAKE HENDON RESERVE, LLC**

THIS SECOND AMENDMENT TO DECLARATION OF COVENANTS AND RESTRICTIONS FOR LAKE HENDON RESERVE, LLC ("First Amendment") is executed this 28th day of April, 2004 (the "Effective Date"), by LAKE HENDON RESERVE, LLC, a Florida limited liability company ("Declarant").

RECITALS:

A. The Declarant executed and recorded that certain Declaration of Covenants and Restrictions for Lake Hendon Reserve, LLC, dated October 18, 2002, and recorded October 22, 2002, in Official Records Book 2132, Page 1911, and that certain First Amendment to Declaration of Covenants and Restrictions for Lake Hendon Reserve, LLC dated March 29, 2004 and recorded April 6, 2004 in Official Records Book 2480, Page 1009, all in the Public Records of Osceola County, Florida (herein collectively the "Declaration").

B. The Declarant, being an Owner of more than sixty-six and two-thirds percent (66-2/3%) of the Lots desires to amend the Declaration to clarify the existence of the easements along the side boundaries of each Lot for the use and benefit of public and private utility companies as needed to service each Lot.

FIRST AMENDMENT

NOW, THEREFORE, for and in consideration of the premises, the above Recitals, and the mutual covenants hereinafter contained, the Declarant hereby amends the Declaration as more fully set forth below:

1. **Recitals and Definitions.** The above Recitals are true and correct and are incorporated by reference as if set forth in full herein. The capitalized terms used herein shall have the same meaning as the capitalized terms used in the Declaration, unless a contrary definition appears herein.

2. Amendment.

(A) Article X entitled Easements is hereby supplemented by adding a Section 6 as follows:

ARTICLE X
EASEMENTS

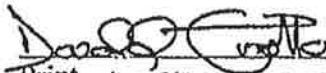
Section 6. The side boundaries of each Lot shall be subject to a utility easement of five feet (5') in width extending the entire length of the side of each Lot, which easement shall be for use by all public and/or private utility companies to deliver utilities, including electric power, cable, and telephone services to any Lot and/or Home within the Community.

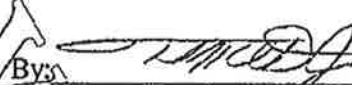
3. No Further Amendment. Except as so amended herein, there shall be no other modifications or amendments to the Declaration.

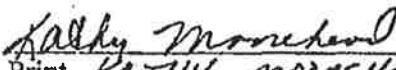
IN WITNESS WHEREOF, the undersigned Declarant, in its capacity as an Owner of more than sixty-six and two-thirds percent (66-2/3%) of the Lots, has caused this instrument to be executed in its name as of the day and year first above written.

Signed, sealed and delivered
in the presence of:

LAKE HENDON RESERVE, LLC,
A Florida Limited Liability Company


Print DONALD CAROTTO

By: 
Frank H. Cawthon, Jr.
Managing Member


Print KATHY MOOREHEAD

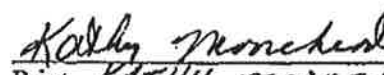
STATE OF FLORIDA
COUNTY OF ORANGE

The foregoing instrument was acknowledged before me this 28th day of April, 2004, by FRANK H. CAWTHON, JR., the Managing Member of LAKE HENDON RESERVE, LLC, a Florida limited liability company, on behalf of the company. He is personally known to me or has produced _____ as identification.

My Commission Expires:



Kathy Moorehead
My Commission DD185052
Expires April 22, 2007


Print KATHY MOOREHEAD
Notary Public