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IN THE RECORDS OF
JEFFREY K. BARTON
CLERK CIRCUIT COURT
INDIAN RIVER CO., FLA.

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MASTER DECLARATION OF COVENANTS,
CONDITIONS, RESERVATIONS AND RESTRICTIONS
FOR
PALM ISLAND PLANTATION

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C- Recording Dept- Cheryl

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**MASTER DECLARATION OF COVENANTS, CONDITIONS,
RESERVATIONS AND RESTRICTIONS FOR
PALM ISLAND PLANTATION**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, RESERVATIONS AND RESTRICTIONS is made this 21st day March, 2002, by **PALM ISLAND PLANTATION, L.L.C.**, a Florida limited liability company, (hereinafter referred to as "Declarant").

Declarant is the owner of the property described in Exhibit "A" (the "Properties") which Declarant is developing as a planned community to be known as PALM ISLAND PLANTATION. In conjunction with the development of PALM ISLAND PLANTATION, Declarant is filing and recording this Declaration to impose upon the Properties mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of real property within the Properties. Declarant desires to provide a flexible and reasonable procedure for the overall development of the Properties, and to establish a method for the administration, maintenance, preservation, use and enjoyment of such Properties as are now or hereafter subjected to this Declaration.

Declarant, as the owner thereof, hereby declares that the Properties shall be held, sold, and conveyed subject to the following easements, restrictions, reservations, covenants, and conditions which are for the purpose of protecting the value and desirability of and which shall run with the real property subjected to this Declaration and which shall be binding on all parties having any right, title, or interest in the described Properties or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof. This Declaration does not and is not intended to create a condominium within the meaning of the Florida Condominium Act, Florida Statutes Section 718.101, et seq.

**Article I
Definitions**

Section 1. "Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas within PALM ISLAND PLANTATION, if any, which by the terms of this Declaration, any Supplemental Declaration, or by contract or agreement with any Neighborhood, or the Town of Indian River Shores or Indian River County, Florida become the responsibility of the Association. The office of any property manager employed by or contracting with the Association, if located on the Properties, or any public rights-of-way within or adjacent to the Properties, may be part of the Area of Common Responsibility.

Section 2. "Articles of Incorporation" or "Articles" shall mean and refer to the Articles of Incorporation of PALM ISLAND PLANTATION COMMUNITY ASSOCIATION, INC., as filed with the Secretary of State of the State of Florida and as attached hereto as Exhibit "B" and incorporated herein by reference.

Section 3. "Association" shall mean and refer to PALM ISLAND PLANTATION COMMUNITY ASSOCIATION, INC., a Florida corporation, its successors or assigns. The "Board of Directors" or "Board" shall be the elected body having its normal meaning under Florida corporate law. The use of the

term "association" or "associations" in lower case shall refer to any condominium association or other owners association having jurisdiction over any part of the Properties.

Section 4. "Beach Club" shall mean and refer to that portion of the Properties which is located and situate between State Road A1A and the Atlantic Ocean, identified as Parcel A in Exhibit "A" attached hereto, which is intended for development as General Common Area, and which may include a beach clubhouse and activity area, pool, lockers, dune walkover, and other facilities. Notwithstanding the foregoing, the term Beach Club shall specifically exclude the Nonresidential Units which may be developed by Declarant as beach cabanas.

Section 5. "Benefitted Assessment" shall mean and refer to assessments levied against Units receiving benefits, items, or services not provided to all Units within a Neighborhood or within the Properties as more particularly described in Article X, Section 5 of this Declaration.

Section 6. "Benefitted Expenses" shall mean and include the actual and estimated expenses of the Association that are incurred upon the request of the Owner of a Unit for specific items or services relating to the Unit, or that are incurred by the Association pursuant to this Declaration or the By-Laws for providing specific items or services relating to or benefitting one or more, but less than all, Unit or Units.

Section 7. "By-Laws" shall mean and refer to the By-Laws of PALM ISLAND PLANTATION COMMUNITY ASSOCIATION, INC., attached hereto as Exhibit "C" and incorporated herein by reference, as they may be amended from time to time.

Section 8. "Class "A" Member." Class "A" Members shall be all Owners with the exception of the Class "B" Member, if any.

Section 9. "Class "B" Member." The Class "B" Member shall be the Declarant.

Section 10. "Class "B" Control Period" shall mean and refer to the period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board of Directors, as provided in Article III, Section 2 of the By-Laws.

Section 11. "Common Area" shall be an inclusive term referring to all General Common Area and all Exclusive Common Area, as defined herein.

Section 12. "Common Assessment" shall mean and refer to assessments levied against all Residential Units in the Properties to fund Common Expenses.

Section 13. "Common Expenses" shall mean and include the actual and estimated expenses incurred by the Association for the general benefit of all Unit Owners, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation of the Association, but shall not include any expenses incurred during the Class "B" Control Period for initial development, original construction or installation

of infrastructure, original capital improvements, or other original construction costs unless approved by a majority of the total Class "A" vote of the Association.

Section 14. "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standard may be more specifically determined by the Board of Directors, but such determination must be consistent with the Community-Wide Standard originally established by the Declarant.

Section 15. "Declarant" shall mean and refer to PALM ISLAND PLANTATION, L.L.C., a Florida limited liability company, its successors, successors-in-title or assigns who take title to any portion of the property described on Exhibit "A" for the purpose of development and/or sale and are designated as the Declarant hereunder in a recorded instrument executed by the immediately preceding Declarant.

Section 16. "Development Period" shall mean and refer to the period of time during which either (a) the Declarant owns any property which is subject to this Declaration, or (b) the Declarant has the unilateral right to subject additional property to this Declaration pursuant to this Declaration. The Declarant may, but shall not be obligated to, unilaterally relinquish its rights under this Declaration and terminate the Development Period by recording a written instrument in the public records.

Section 17. "Exclusive Common Area" shall mean and refer to certain portions of the Common Area which are for the exclusive use and benefit of one or more, but less than all, Units or Neighborhoods, as more particularly described in Article II of this Declaration.

Section 18. "General Common Area" shall mean all real and personal property which the Association now or hereafter owns or otherwise holds, in each case, for the common use and enjoyment of all Owners.

Section 19. "Member" shall mean and refer to a Person entitled to membership in the Association, as provided herein.

Section 20. "Mortgage" shall mean and refer to a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.

Section 21. "Mortgagee" shall mean and refer to a beneficiary or holder of a Mortgage.

Section 22. "Neighborhood" shall mean and refer to each separately developed and denominated residential area comprised of one (1) or more housing types subject to this Declaration and any separately denominated nonresidential area created by being designated as a Neighborhood in this Declaration or in a Supplemental Declaration, or by recording of a subdivision plat for the Neighborhood in the public records of Indian River County, Florida. For example, and by way of illustration and not limitation, each single family detached housing development area, condominium, and carriage home development may constitute a separate Neighborhood.

Where the context permits or requires, the term Neighborhood shall also refer to any Neighborhood Association (as defined in Article III, Section 3) having jurisdiction over the property within the Neighborhood. It shall not be necessary for any Neighborhood to be governed by an additional owners association except in the case of a condominium or otherwise as required by law. Neighborhoods may be divided or combined in accordance with Article III, Section 3, of this Declaration.

Section 23. "Neighborhood Assessments" shall mean assessments levied against the Units in a particular Neighborhood, or Neighborhoods to fund Neighborhood Expenses, as more particularly described in Article X, Section 3 of this Declaration.

Section 24. "Neighborhood Expenses" shall mean and include the actual and estimated expenses incurred by the Association for the benefit of owners of Units within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized herein or in a Supplemental Declaration.

Section 25. "Nonresidential Unit" shall mean a portion of the Properties, whether developed or undeveloped, intended for development and use for purposes other than residential purposes and shall include beach cabanas. The term shall include all portions of the property owned as well as all improvements on the property. In case of a structure which is subdivided for multiple ownership each subdivided portion intended for separate ownership shall be deemed to be a separate Nonresidential Unit. Nonresidential Units may be developed, used and defined as provided in this Declaration or in Supplemental Declarations.

In case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to contain the number of Nonresidential Units designated for nonresidential use for such parcel on the site plan approved by Declarant, until such time as a subdivision plat has been filed and approved as required by law and recorded in the public records of Indian River County, Florida on all or a portion thereof. After approval and filing that portion of the land designated therein shall constitute separate Nonresidential Unit or Nonresidential Units as determined above and the number of Nonresidential Units on the remaining land, if any, shall continue to be determined in accordance with this paragraph.

Section 26. "Owner" shall mean and refer to one (1) or more Persons who hold the record title to any Unit which is part of the Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

Section 27. "Person" means a natural person, a corporation, a partnership, a trustee, or any other legal entity.

Section 28. "Properties" shall mean and refer to the real property described in Exhibit "A" attached hereto, together with such additional property as may be hereafter subjected to this Declaration by Supplemental Declaration.

Section 29. "Residential Unit" shall mean a portion of the Properties, whether developed or undeveloped, intended for development, use, and occupancy as an attached or detached residence, and shall, unless otherwise specified, include, without limitation single-family detached houses on separately platted lots, residential condominium units, as well as vacant land (homesites) intended for development as such. Residential Units may be developed, used, and defined as provided in this Declaration or in any applicable Supplemental Declaration. The term shall include all portions of the homesite owned as well as any structure thereon. In the case of a structure which contains multiple residences, each residence shall be deemed to be a separate Residential Unit.

In the case of an unplatted parcel of land, the parcel shall be deemed to contain the number of Residential Units designated for residential use for such parcel on the site plan approved by Declarant, until such time as a subdivision plat or any related Declaration of Condominium have been filed and approved as required by law, and recorded in the public records of Indian River County, Florida on all or a portion thereof. After recording of a subdivision plat (and/or filing of the Declaration of Condominium, as applicable) on any portion thereof, the portion shown shall constitute separate Residential Unit or Residential Units as determined above and the number of Residential Units on the remaining land, if any, shall continue to be determined in accordance with this paragraph.

Section 30. "PALM ISLAND PLANTATION" shall mean and refer to the real property described in Exhibit "A" attached hereto, which is or which is intended to be developed as that certain residential community located in Indian River County, Florida commonly known and referred to as PALM ISLAND PLANTATION which shall include the Properties.

Section 31. "Special Assessment" shall mean and refer to assessments levied in accordance with Article X, Section 4 of this Declaration.

Section 32. "Supplemental Declaration" shall mean an amendment or supplement to this Declaration executed by or consented to by Declarant which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein. The term shall also refer to the instrument recorded by the Association pursuant to Article VIII, Section 2 of this Declaration to subject additional property to this Declaration.

Section 33. "Unit" shall be an inclusive term referring to both Residential Units and Nonresidential Units.

Article II Property Rights

Section 1. General. Every Owner shall have a right and nonexclusive easement of use, access and enjoyment in and to the Common Area, subject to the provisions of this Declaration as it may be amended from time to time and to any restrictions or limitations contained in any deed conveying such property to the Association. Any Owner may delegate his or her right of use and enjoyment to the members of his or her family, social invitees, and lessees, as applicable, subject to reasonable regulation by the Board and in accordance with procedures it may adopt.

Section 2. Exclusive Common Areas. Certain portions of the Common Areas may be designated as Exclusive Common Areas and reserved for the exclusive use of Owners and occupants of Units within a particular Neighborhood or Neighborhoods. All costs associated with maintenance, repair, replacement and insurance of Exclusive Common Areas shall be assessed against the Owners of Units in only those Neighborhoods which are benefitted thereby as a Neighborhood Assessment, as defined herein. By way of illustration and not limitation, Exclusive Common Areas may include parking areas, entry features, landscaping or other structural improvements intended for the exclusive use of Owners within a particular Neighborhood or Neighborhoods and supported exclusively by Neighborhood Assessments. Initially, any Exclusive Common Areas shall be designated as such and the exclusive use thereof shall be assigned in the deed conveying the Common Area to the Association or on the plat of survey relating to such Common Area. Exclusive Common Area may be reassigned upon the vote of a majority of the total Association vote, including a majority of the votes within the Neighborhood(s) to which the Exclusive Common Areas being reassigned are then assigned, if applicable, a majority of the votes within the Neighborhood(s) to which the Exclusive Common Areas are to be assigned.

Article III Membership and Voting Rights

Section 1. Membership. Every Owner, as defined in Article I, shall be deemed to have a membership in the Association. The Declarant shall have a Class "B" membership in the Association, subject to conversion to a Class "A" membership pursuant to Section 2(b) below.

No Owner, whether one (1) or more Persons, shall have more than one (1) membership per Unit owned. In the event the Owner of a Unit is more than one (1) Person, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership may be exercised by a Member or the Member's spouse. The membership rights of a Unit owned by a corporation, partnership, limited liability company, or fiduciary shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary.

Section 2. Voting. The Association shall have two (2) classes of membership, Class "A" and Class "B" as follows:

(a) Class "A". Class "A" Members shall be all Owners with the exception of the Class "B" Member, if any.

Class "A" Members shall be entitled to one (1) equal vote for each Residential Unit in which they hold the interest required for membership under Section 1 hereof; there shall be only one (1) vote per Residential Unit. Each Owner shall be entitled personally to cast the vote attributable to his or her Unit.

In any situation where a Member is entitled personally to exercise the vote for his or her Unit and more than one (1) Person holds the interest in such Unit required for membership, the vote for such Unit shall be exercised as those Persons determine among themselves and advise the Secretary of the Association in writing prior to any meeting. In the absence of such advice, the Unit's vote shall be suspended if more than one (1) Person seeks to exercise it.

Nonresidential Units shall have no voting rights.

(b) Class "B". The Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to approve actions taken under this Declaration and the By-Laws, are specified elsewhere in the Declaration and the By-Laws. The Class "B" Member shall be entitled to appoint a majority of the members of the Board of Directors during the Class "B" Control Period, as specified in Article III, Section 2, of the By-Laws. The Class "B" membership shall terminate and become converted to Class "A" membership upon the earliest of the following:

(i) Three months after ninety (90%) percent of the Residential Units permitted by the Town of Indian River Shores applicable to the Properties have been conveyed to Persons other than the Declarant or builders holding title solely for purposes of development and sale; or

(ii) December 31, 2015; or

(iii) When, in its discretion, the Declarant so determines.

Section 3. Neighborhoods. Every Unit shall be located within a Neighborhood as defined in Article I and as designated by Declarant by being designated as a Neighborhood in a Supplemental Declaration, or by recording a subdivision plat for the Neighborhood in the public records of Indian River County, Florida. The Units within a particular Neighborhood may be subject to additional covenants and/or the Unit Owners may all be members of another owners association ("Neighborhood Association") in addition to the Association, but no such Neighborhood Association shall be required except in the case of a condominium or otherwise as required by law. Unless and until additional Neighborhoods are established, the Properties shall consist of one (1) Neighborhood. The Declarant may unilaterally amend this Declaration, any Supplemental Declaration, or any plat from time to time to assign property to a specific Neighborhood, to redesignate Neighborhood boundaries, or to remove property from a specific Neighborhood.

After the expiration of the Class "B" Control Period, upon a petition signed by a majority of the Unit Owners in the Neighborhood, any Neighborhood may also apply to the Board of Directors to divide the property comprising the Neighborhood into two (2) or more Neighborhoods or upon a petition signed by a majority of the Unit Owners in each Neighborhood to be combined, to combine two (2) or more Neighborhoods into one (1) Neighborhood. Any such application shall be in writing and shall include a plat of survey of the entire parcel which indicates the boundaries of the proposed Neighborhood(s) or otherwise identifies the Units included within the proposed Neighborhood(s). A Neighborhood division or consolidation shall automatically be deemed granted unless the Board of Directors denies such application in writing within thirty (30) days of its receipt thereof. The Board may deny an application only upon determination that there is no reasonable basis for consolidation or division into separate Neighborhoods. All applications and copies of any denials shall be filed with the books and records of the Association and shall be maintained as long as this Declaration is in effect. All Neighborhood consolidations or divisions approved or deemed granted by the Board of Directors shall only become effective upon the recordation of a Supplemental Declaration, or if Supplemental Declarations are recorded for the Neighborhoods amendments to those Supplemental Declarations describing the new Neighborhood(s) and any modifications to or additional covenants, conditions, or

restrictions affecting the Neighborhood(s). Such Supplemental Declaration or amendment shall not require the vote or consent of the Members of the Association.

Article IV Maintenance

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Area of Common Responsibility, and such maintenance shall be funded as hereinafter provided. This maintenance shall include, but need not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements, including all street areas, including building-access streets, parking areas, medians, sidewalks, street lights, boundary fence or wall, lakes, ponds and retention areas, fountains, gazebos, entry features and signage, entry gates and gatehouses, clubhouses and related recreational facilities, pools, tennis courts, Beach Club facilities, dune crossover, river boathouse, docks and boardwalks, or other common buildings and facilities situated upon the Common Areas, that portion of the Properties which lies between the west right of way of Jungle Trail and the Indian River, the landscape buffer area adjacent to the east right of way of Jungle Trail, and of such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, or by a contract or agreement for maintenance thereof by the Declarant or the Association. In addition, the Area of Common Responsibility shall include the responsibility to maintain, repair and replace any sidewalks located on Units or within or along roadway rights-of-way within the Properties.

All costs associated with maintenance, repair and replacement of General Common Areas shall be a Common Expense to be allocated among all Residential Units as part of the Common Assessment. All costs associated with maintenance, repair and replacement of Exclusive Common Areas shall be a Neighborhood Expense assessed as a Neighborhood Assessment solely against the Units within the Neighborhood(s) to which the Exclusive Common Areas are assigned, or a Benefitted Assessment against the particular Units to which the Exclusive Common Areas are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

The Association shall also be responsible for maintenance, repair and replacement of property within any Neighborhood to the extent designated in any Supplemental Declaration affecting the Neighborhood. The Association may also assume maintenance responsibilities with respect to any Neighborhood in addition to those that may be designated by any Supplemental Declaration. This assumption of responsibility may take place either by agreement with the Neighborhood or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard of the Properties. All costs of maintenance pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Units within the Neighborhood to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, (a) if such maintenance is required by this Declaration, (b) if the Board of Directors determines that such maintenance is necessary or desirable to maintain the

Community-Wide Standard, or (c) if the maintenance is requested by a Unit Owner. In the latter event, the costs of such maintenance shall be charged to the requesting Unit Owner as a Benefitted Assessment.

The Association shall be responsible for the general day-to-day clean-up and for maintenance, repair, or rebuilding following a tropical storm or hurricane of the public beach area located along the eastern boundary of the Properties as a Common Expense. Renourishment of the public beach area the necessity of which is caused by beach erosion over a several year period may be performed by the Association and, if performed, shall be an expense of all the Owners except for Owners of Nonresidential Units. The need for and extent of beach rebuilding or renourishment to be performed shall be determined in the sole discretion of the Board of Directors. The Association is not required to perform any beach rebuilding or renourishment and this subsection is intended for the benefit only of Owners within the Properties only and is not for the benefit of any other Persons or third parties.

In the event that the Association fails to properly perform its maintenance responsibilities hereunder and to comply with the Community-Wide Standard, the Declarant may, upon not less than ten (10) days' notice and opportunity to cure such failure, cause such maintenance to be performed and in such event, shall be entitled to reimbursement from the Association for all costs incurred.

Section 2. Owner's Responsibility. Each Owner shall maintain his or her Unit and all structures, parking areas and other improvements comprising the Unit in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a Neighborhood pursuant to this Declaration, any Supplemental Declaration, Declaration of Condominium or other declaration of covenants applicable to such Unit. Each applicable Owner shall also maintain the property outside his or her Unit from the Unit boundary to the edge of the asphalt of the street bounding the Units and those areas from the Unit boundary to a lake bank or other rear boundary. Owners of applicable Units upon the north and south boundaries of the Properties shall maintain any landscape buffer areas lying within their Unit which may be installed by Declarant in connection with development. Each applicable Owner shall be responsible for the replacement of any trees or vegetation and the maintenance, repair, and replacement of any irrigation system and mailbox located on his or her Unit or within the roadway right-of-way bounding the Unit. If any Owner fails properly to perform his or her maintenance responsibility, the Association may perform such maintenance responsibilities and assess all costs incurred by the Association against the Unit and the Owner thereof in accordance with Article X, Section 4(b) of this Declaration; provided, however, except when entry is required due to an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry.

Each Unit Owner undertakes or must designate a responsible Person to undertake the above maintenance responsibilities for the Unit, which responsibilities shall also include securing the Unit in the event of hurricane or tropical storm watches and warnings by taking precautions which shall include without limitation, removing any unsecured items on balconies and landings and repairing the Unit in the event of any damage from storms or hurricanes. An Owner may designate a Person to perform such functions for the Owner, but such designation shall not relieve the Owner of responsibility hereunder. The name and address of such Person must be furnished to the Association or its management agent. The designation of such Person shall be subject to the approval of the Board of Directors.

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Section 3. Neighborhood's Responsibility. Upon resolution of the Board of Directors, each Neighborhood shall be responsible for paying, through Neighborhood Assessments, costs of maintenance of certain portions of the Area of Common Responsibility within or adjacent to such Neighborhood, which may include, without limitation, the costs of maintenance of any signage, entry features, right-of-way and greenspace serving the Neighborhood, the costs of storm water retention and surface water management for the Neighborhood, building access streets and parking areas within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association.

Any Neighborhood having responsibility for maintenance of all or a portion of the property within a particular Neighborhood pursuant to additional covenants affecting the Neighborhood shall perform such maintenance responsibility in a manner consistent with the Community-Wide Standard. If any such Neighborhood fails to perform its maintenance responsibility as required herein and in any additional covenants, the Association may perform it and assess the costs against all Units within such Neighborhood as provided in Article X, Section 4(b) of this Declaration.

Article V Insurance and Casualty Losses

Section 1. Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket all-risk casualty insurance, if reasonably available, for all insurable improvements on the Common Area. If blanket all-risk coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. The face amount of such insurance shall be sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

In addition to casualty insurance on the Common Area, the Association may, upon request of a Neighborhood, and shall, if so specified in a Supplemental Declaration affecting the Neighborhood, obtain and continue in effect adequate blanket all-risk casualty insurance, if reasonably available, on properties within the Neighborhood. If all-risk insurance is not reasonably available, then fire and extended coverage may be substituted. Such coverage may be in such form as the Board of Directors deems appropriate and the face amount of the policy shall be sufficient to cover the full replacement cost of all structures to be insured. The costs thereof shall be charged to the Owners of Units within the benefitted Neighborhood as a Neighborhood Assessment, as defined in Article I hereof.

Insurance obtained on the properties within any Neighborhood, whether obtained by such Neighborhood or the Association, shall at a minimum comply with the applicable provisions of this Section 1, including the provisions of this Article applicable to policy provisions, loss adjustment, and all other subjects to which this Article applies with regard to insurance on the Common Area. All such insurance shall be in a face amount sufficient to cover the full replacement cost of all insured structures. All such policies shall provide for a certificate of insurance to be furnished to each Member insured, to the Association, and to the applicable Neighborhood Association, if any.

The Board shall also obtain a public liability policy covering the Area of Common Responsibility, insuring the Association and its Members for all damage or injury caused by the negligence of the Association, any of its Members or agents or any other person who has a right to occupy a Unit. The public liability policy shall have at least a One Million (\$1,000,000.00) Dollar single person limit as respects bodily injury and property damage, a Three Million (\$3,000,000.00) Dollar limit per occurrence, if reasonably available, and a Five Hundred Thousand (\$500,000.00) Dollar minimum property damage limit.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses of the Association and shall be included in the Common Assessment, as defined in Article I and as more particularly described in Article X, Section 1; provided, in the discretion of the Board of Directors, premiums for insurance on Exclusive Common Areas may be included in the Neighborhood Assessment of the Neighborhood(s) benefitted thereby, unless the Board of Directors reasonably determines that other treatment of the premiums is more appropriate. The policies may contain a reasonable deductible, and, in the case of casualty insurance, the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be paid by the party who would be liable for the loss or repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears the total.

All insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for the respective benefitted parties, as further identified in subsection (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company authorized to do business in Florida which holds a Best's rating of A or better and is assigned a financial size category of XI or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating which is available.

(b) All policies on the Common Area shall be for the benefit of the Association and its Members; all policies secured at the request of a Neighborhood shall be for the benefit of the Neighborhood Association, if any, the Owners of Units within the Neighborhood, and their Mortgagees, as their interests may appear.

(c) Exclusive authority to adjust losses under policies obtained by the Association on the Properties shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees.

(e) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified

persons, at least one of whom must be in the real estate industry and familiar with construction in the Indian River County, Florida area.

(f) The Association's Board of Directors shall be required to use reasonable efforts to secure insurance policies that will provide the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners, and their respective tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

(iii) a statement that no policy may be cancelled, invalidated, suspended, or subject to nonrenewal on account of any one or more individual Owners;

(iv) a statement that no policy may be cancelled, invalidated, suspended, or subject to nonrenewal on account of the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or Mortgagee;

(v) a statement that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(vi) a statement that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to the other insurance required by this Section, the Board shall obtain, as a Common Expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, if reasonably available, a fidelity bond or bonds on directors, officers, employees, and other Persons handling or responsible for the Association's funds, if reasonably available, and flood insurance, if required. The amount of fidelity coverage shall be determined in the directors' best business judgment but, if reasonably available, may not be less than one-sixth (1/6) of the annual Common Assessments on all Units, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

Section 2. Individual Insurance. By virtue of taking title to a Unit subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and the Association that each Owner shall carry blanket all-risk casualty insurance on the Unit(s) and structures constructed thereon meeting the same requirements as set forth in Section 1 of this Article V for insurance on the Common Area, unless, and only during such time as either the Neighborhood in which the Unit is located or the Association carries such insurance (which they are not obligated to do hereunder). Proof of such insurance shall be given to the Association upon request. Each Owner further covenants and agrees that

in the event of either a partial loss or damage or total destruction of structures comprising his or her Unit, the Owner shall proceed promptly to repair or to reconstruct the structure. Units shall be repaired or reconstructed in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article XI of this Declaration.

A Neighborhood may have more stringent requirements regarding the standards for rebuilding or reconstructing structures on the Units within the Neighborhood and the standard for returning the Units to their natural state in the event the structures are not rebuilt or reconstructed, in which case, such more stringent requirements shall apply.

Section 3. Damage and Destruction.

(a) Any damage or destruction to the Common Area or to the common property of any Neighborhood Association shall be repaired or reconstructed. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) In the event of any loss covered by insurance held by the Association, only the Board or its duly authorized agent may file and adjust insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Properties.

Section 4. Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies held by the Association are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction shall be retained by and for the benefit of the Association and placed in a capital improvements account.

Section 5. Repair and Reconstruction. If the damage or destruction to the Common Area or to the common property of a Neighborhood Association for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a Special Assessment against all Owners on the same basis as provided for Common Assessments; provided, if the damage or destruction involves the common property of a Neighborhood Association, only the Owners of Units in the affected Neighborhood shall be subject to assessment therefor. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

Article VI No Partition

Except as is permitted in the Declaration or amendments thereto, there shall be no judicial partition of the Common Area or any part thereof, nor shall any Person acquiring any interest in the Properties or any part thereof seek any judicial partition unless the Properties have been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Board of Directors

from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

Article VII Condemnation

The Association shall be the sole representative with respect to condemnation proceedings concerning Common Area and shall act as attorney-in-fact for all Owners in such matters. Whenever any part of the Common Area shall be taken by or conveyed under threat of condemnation to any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance. The Board may convey Common Area under threat of condemnation only if approved by at least sixty-seven percent (67%) of the total Class "A" votes in the Association and, during the Development Period, the written consent of the Declarant. The award made for such taking or proceeds of such conveyance shall be payable to the Association.

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, during the Development Period, and at least seventy-five (75%) percent of the total Class "A" vote of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board of Directors and the ARC. If such improvements are to be repaired or restored, the above provisions in Article V hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply.

If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

Article VIII Annexation of Additional Property

Section 1. Annexation Without Approval of Class "A" Membership. Until the date that is the 15th anniversary of the recording date of this Declaration in the public land records, Declarant shall have the unilateral right, privilege and option, from time to time, at any time, to subject to the provisions of this Declaration any additional real property. Any annexed property shall thereafter constitute a portion of the Properties, as defined in this Declaration.

Annexation shall be accomplished by filing in the public records of Indian River County, Florida, a Supplemental Declaration annexing such property. Such Supplemental Declaration shall not require the consent of the Members, but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein. Declarant shall have the unilateral right to transfer to any other Person the right, privilege, and option to annex additional property which is herein reserved to

Declarant provided that such transfer is memorialized in a written, recorded instrument executed by the Declarant.

Nothing in this Declaration shall be construed to require the Declarant or any successor to annex or develop any additional property in any manner whatsoever.

Section 2. Annexation With Approval of Class "A" Membership. Subject to the consent of the owner thereof, the Association may annex any additional real property to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall require the affirmative vote of a majority of the Class "A" votes of the Association (other than those held by Declarant) present at a meeting duly called for such purpose and, during the Development Period, of the Declarant.

Annexation shall be accomplished by filing of record in the public records of Indian River County, Florida, a Supplemental Declaration describing the property being annexed. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and by the owner of the property being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein. The relevant provisions of the By-Laws dealing with regular or special meetings, as the case may be, shall apply to determine the time required for and the proper form of notice of any meeting called for the purpose of considering annexation of property pursuant to this Section 2 and to ascertain the presence of a quorum at such meeting.

Section 3. Acquisition of Additional Common Area. Declarant may convey to the Association additional real property, improved or unimproved, located within the Properties which upon conveyance or dedication to the Association shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of all its Members as provided in Article IX.

Section 4. Withdrawal of Property. Declarant reserves the right to amend this Declaration unilaterally at any time during the Development Period, without prior notice and without the consent of any Person, for the purpose of removing certain portions of the Properties then owned by the Declarant or its affiliates or the Association from the provisions of this Declaration to the extent originally included in error or as a result of any changes whatsoever in the plans for the Properties desired to be effected by the Declarant, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Properties.

Section 5. Amendment. During the Development Period, this Article shall not be amended without the prior written consent of Declarant.

Article IX Rights and Obligations of the Association

Section 1. Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including, without limitation, furnishings and equipment related thereto and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and

repair, pursuant to the terms and conditions of this Declaration and consistent with the Community-Wide Standard.

Section 2. Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. The Declarant and its designees, with the Declarant's prior written consent, may convey to the Association improved or unimproved real property, or interests in real property located within the Properties, personal property and leasehold and other property interests. Such property shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association. Declarant shall not be required to make any improvements or repairs whatsoever to property to be conveyed and accepted pursuant to this Section including, without limitation, dredging or otherwise removing silt from any lake, pond or other body of water that may be conveyed. Upon written request of Declarant, the Association shall reconvey to Declarant any portions of the Properties originally conveyed by Declarant to the Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make adjustments in property lines.

Section 3. Enforcement. The Board, or an Enforcement Committee established by the Board, with the Board's approval, may impose sanctions for violation of the Declaration, By-Laws, or the Association's rules and regulations. Such sanctions may include, without limitation:

(a) imposing monetary fines which shall constitute a lien upon the Unit of the violator after compliance with the notice and hearing procedures set forth in the By-Laws. (In the event that any occupant, guest or invitee of a Unit violates the Declaration, By-Laws, or any Association rules and regulations and a fine is imposed, the fine shall first be assessed against the occupant; provided however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Board.);

(b) filing notices of violations in the public records providing record notice of any violation of the Declaration, By-Laws, or any Association rules and regulations;

(c) suspending an Owner's right to vote;

(d) suspending any Person's right to use any portion of the Common Area; provided however, nothing herein shall authorize the Board to limit ingress or egress to or from a Unit; and

(e) suspending any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than ninety (90) days delinquent in paying any assessment or other charge owed to the Association.

(f) filing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

In addition, the Board may elect to enforce any provision of the Declaration, By-Laws, or any Association rules and regulations by exercising self-help (specifically including, but not limited to, the filing of liens in the public records for non-payment of assessments and other charges, the towing of vehicles that are in violation of parking rules, the removal of pets that are in violation of pet rules, or the correction of any maintenance, construction or other violation of the Declaration, By-Laws, or any Association rules and regulations). The Association may levy a Special Assessment pursuant to Article X, Section 4(b) to cover all costs incurred in bringing a Unit into compliance with the terms of the Declaration, By-Laws, or any Association rules and regulations.

In the event that any occupant, guest or invitee of a Unit violates the Declaration, By-Laws, or any Association rules and regulations, the Board, or any Enforcement Committee established by the Board, with the Board's approval, may sanction such occupant, guest or invitee and/or the Owner of the Unit that the violator is occupying or visiting.

All remedies set forth in this Declaration and the By-Laws shall be cumulative of any remedies available at law or in equity. In any action or remedy taken by the Association to enforce the provisions of the Declaration, By-Laws, or any Association rules and regulations, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, reasonable attorneys fees and court costs, reasonably incurred in such action.

The Association shall not be obligated to take action to enforce any covenant, restriction, or rule which the Board in the exercise of its business judgment determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action. Any such determination shall not be construed a waiver of the right of the Association to enforce such provision under any circumstances or prevent the Association from enforcing any other covenant, restriction or rule.

The Association, through the Board, by contract or other agreement, shall have the right to enforce county or municipal ordinances and to permit the Town of Indian River Shores and Indian River County to enforce ordinances on the Properties for the benefit of the Association and its Members.

Section 4. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 5. Governmental Interests. During the Development Period, the Association shall permit the Declarant authority to designate sites within the Properties, which may include Common Area owned by the Association, for fire, police, water, sewer, storm water retention, and surface water management facilities, public schools and parks, and other public facilities.

Section 6. Powers of the Association Relating to Neighborhood Associations. The Association may veto any action taken or contemplated by any Neighborhood Association which the Board reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the Community-Wide Standard. The Association also may require specific action to be taken by

any Neighborhood Association to fulfill its obligations and responsibilities under the Declaration or any applicable Supplemental Declaration. For example, the Association may require that specific maintenance or repairs or aesthetic changes be performed by the Neighborhood Association. If the Neighborhood Association fails to comply with such requirements within a reasonable time as specified in writing by the Association, the Association may effect such action on behalf of the Neighborhood Association and assess the Units within such Neighborhood for any expenses incurred by the Association in taking such action. Such assessments may be collected as a Special Assessment pursuant to Article X, Section 4(b).

Section 7. Provision of Services. The Association may provide services and facilities for the Members of the Association and their guests, lessees and invitees. The Association shall be authorized to enter into contracts or other similar agreements with other entities, including Declarant, to provide such services and facilities. The costs of services and facilities provided by the Association may be funded by the Association as a Common Expense or a Neighborhood Expense, depending on whether the service or facility is provided to all Units or only the Units within a specified Neighborhood. In addition, the Board shall be authorized to charge use and consumption fees for services and facilities through Benefitted Assessments or by requiring payment at the time the service or facility is provided. As an alternative, the Association may arrange for the costs of the services and facilities to be billed directly to Owners by the provider(s) of such services and facilities. By way of example, some services and facilities which may be provided include landscape maintenance, garbage collection, pest control service, cable, digital, satellite or similar television service, internet, intranet, and other computer related services, security monitoring, caretaker, fire protection, utilities, and similar services and facilities. The Board, without the consent of the Class "A" Members of the Association, shall be permitted to modify or cancel existing services or facilities provided, if any, or to provide additional services and facilities. Nothing contained herein can be relied upon as a representation as to the services and facilities, if any, which will be provided by the Association.

Article X Assessments

Section 1. Creation of Assessments. There are hereby created assessments for Association expenses as may from time to time specifically be authorized by the Board of Directors, to be commenced at the time and in the manner set forth in Section 8 of this Article. There shall be four (4) types of assessments: (a) Common Assessments to fund Common Expenses for the benefit of all Members of the Association; (b) Neighborhood Assessments for Neighborhood Expenses benefitting only Units within a particular Neighborhood or Neighborhoods; (c) Special Assessments as described in Section 4 below; and (d) Benefitted Assessments as described in Section 5 below. Each Owner, by acceptance of a deed or recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay these assessments.

Common Assessments shall be levied equally on all Residential Units. Owners of Nonresidential Units shall not be required to pay Common Assessments upon said Nonresidential Units. Neighborhood Assessments shall be levied equally against all units in the neighborhood, provided that in the event of assessments for exterior maintenance of structures, or insurance on structures, or replacement reserves which pertain to particular structures, such assessments for the use of particular Units shall be levied on

each of the Units receiving the service in proportion to the service received. Special Assessments and Benefitted Assessments shall be levied as provided in Sections 4 and 5 below, respectively.

All assessments, together with interest (at a rate not to exceed the highest rate allowed by Florida law) as computed from the date the delinquency first occurs, late charges, costs, and reasonable attorney's fees and disbursements, shall be a charge on the land and shall be a continuing lien upon the Unit against which each assessment is made until paid. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees and disbursements, shall also be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except no first Mortgagee who obtains title to a Unit pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

The Association shall, promptly after written demand, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid as to the particular Unit owned by such Owner. Such certificate shall be conclusive evidence of payment to the Association of such assessment therein stated to have been paid. The Association may require the advance payment of a processing fee not to exceed Fifty (\$50.00) Dollars for the issuance of each certificate.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors. Unless the Board otherwise provides, the Common Assessment and any Neighborhood Assessment and any mandatory Benefitted Assessments shall be paid annually. Each Owner, by acceptance of a deed to his or her Unit acknowledge that all Common Assessments and Neighborhood Assessments levied hereunder are annual assessments due and payable in advance on the first day of the fiscal year; provided, the Board may permit any assessment to be paid in installments. If any Owner is delinquent in paying any assessments or other charges levied on his or her Unit, the Board may revoke the privilege of paying in installments and require annual assessments to be paid in full immediately.

No Owner may waive or otherwise exempt itself from liability for the assessments provided for herein, including, by way of illustration and not limitation, by non-use of Common Areas or abandonment of the Unit. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services or materials or a combination of services and materials with Declarant or other entities for the payment of some portion of the Common Expenses.

Section 2. Computation of Common Assessment. It shall be the duty of the Board to prepare a budget covering the estimated Common Expenses of the Association during the coming fiscal year. A

copy of the budget and notice of the date of the Board meeting at which the budget is to be voted shall be delivered to all Members at least thirty (30) days prior to adoption. At the meeting, the Board shall accept any input from the Members on the budget and shall approve the budget for the coming fiscal year.

The Common Assessment to be levied against each Unit for the coming year shall be set at a level which is reasonably expected to produce total income to the Association equal to the total budgeted Common Expenses, including any reserves. In determining the amount of the Common Assessment, the Board, in its discretion, may consider other sources of funds available to the Association. In addition, the Board shall take into account the number of Units subject to assessment under Section 8 hereof on the first day of the fiscal year for which the budget is prepared and the number of Units reasonably anticipated to become subject to assessment during the fiscal year.

During the Development Period, the Declarant may elect on an annual basis, but shall not be obligated, to reduce the resulting assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 1 above); provided, any such subsidy shall be conspicuously disclosed as a line item in the income portion of the Common Expense budget and shall be made known to the membership. The payment of such subsidy in any year shall under no circumstances obligate the Declarant to continue payment of such subsidy in future years.

Notwithstanding the foregoing, however, in the event the proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year, with adjustments for increases in real estate taxes, insurance premiums, labor rates and utility costs, shall continue for the current year.

Section 3. Computation of Neighborhood Assessments. It shall be the duty of the Board to prepare a separate budget covering the estimated Neighborhood Expenses to be incurred by the Association for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year in the same manner and within the same time periods set forth in Section 2 of this Article. The Board shall be entitled to set such budget only to the extent that this Declaration, a Supplemental Declaration, or the By-Laws specifically authorizes the Board to assess certain costs as a Neighborhood Assessment. Any Neighborhood may request that additional services or a higher level of services be provided by the Association, and in such case, any additional costs shall be added to such budget. Such budget may include a capital contribution establishing a reserve fund for repair and replacement of capital items within the Neighborhood, as appropriate. Neighborhood Expenses shall be allocated equally among all Units within the Neighborhood benefitted thereby and levied as a Neighborhood Assessment.

In the event the Board fails for any reason so to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year with adjustments for increases in real estate taxes, insurance premiums, labor rates and utility costs, shall continue for the current year.

All amounts which the Association collects as Neighborhood Assessments shall be expended solely for the benefit of the Neighborhood for which they were collected and shall be accounted for separately from the Association's general funds.

Section 4. Special Assessments.

(a) Entire Membership. The Association may levy Special Assessments from time to time provided such assessment receives the affirmative vote of a majority of the Board of Directors of the Association; provided, that, upon a petition of sixty (60%) percent of the Members of the Association requesting a membership vote on the Special Assessment passed by the Board of Directors, imposition of such Special Assessment shall require written consent of Members holding at least sixty (60%) percent of the total Association vote and, during the Development Period, the affirmative vote or written consent of the Declarant. Special Assessments pursuant to this paragraph shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Board so determines.

(b) Less Than All Members. The Association may levy Special Assessments against any Member individually and against such Member's Unit to reimburse the Association for costs incurred in bringing a Member and his or her Unit into compliance with the provisions of the Declaration, any amendments thereto, the Articles, the By-Laws, or the Association rules, which Special Assessment may be levied upon the vote of the Board after notice to the Member. The Association may also levy a Special Assessment against the Units in any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Declaration, any amendments thereto, the Articles, the By-Laws, and the Association rules and regulations, which Special Assessment may be levied upon the vote of the Board after notice to the senior officer of the Neighborhood.

Section 5. Benefitted Assessments.

(a) General. The Board of Directors shall have the power specifically to assess Units receiving benefits, items, or services not provided to all Units within a Neighborhood or within the Properties. Expenses of the Association (1) that are incurred upon the request of the Owner of a Unit for specific items or services relating to the Unit, or (2) that are incurred by the Association pursuant to this Declaration, a Supplemental Declaration, or the By-Laws for providing specific items or services relating to or benefitting a Unit or Units shall be specifically assessed against the Unit or Units benefitted, in the amount of the cost of the benefit received or according to the method of equitably assessing the Units set forth in this Declaration or the By-Laws.

(b) Mandatory Benefitted Assessments. At the time that the budget for Common Expenses is prepared by the Board as required by Section 2 above, or at any other time deemed appropriate by the Board, the Board shall determine mandatory Benefitted Assessments applicable to Units for that fiscal year. Benefitted Assessments may differ depending on the type or location of a Unit. For example, and by way of illustration and not limitation, a mandatory Benefitted Assessment may be levied against all Units which do not contain a residence for cutting vegetation and cleaning up the unimproved Unit, and a mandatory Benefitted Assessment may be levied upon Units which contain a

residence for services such as cable television, garbage collection, landscape maintenance, and security monitoring.

Section 6. Lien for Assessments. Upon recording of a notice of lien on any Unit, there shall exist a perfected lien for unpaid assessments prior and superior to all other liens, except (1) all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (2) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value.

Such lien may be enforced by suit, judgment, and foreclosure or any other method permitted by applicable law.

The Association, acting on behalf of the Owners, shall have the power to bid for the Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid assessments, late charges, interest, costs, and attorney's fees and disbursements shall be maintainable without foreclosing or waiving the lien securing the same.

Section 7. Reserve Budgets. The Board may, in its sole discretion, annually prepare reserve budgets for both common and Neighborhood purposes which take into account the number and nature of replaceable assets within the Area of Common Responsibility, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the common and Neighborhood budgets reserve amounts sufficient to meet the projected needs of the Association.

Section 8. Date of Commencement of Assessments. The obligation to pay assessments shall commence as to each Unit on the date on which the Unit is conveyed to a Person by Declarant. Until the date immediately preceding the termination date of the Class "B" Control Period, in lieu of Declarant paying regular assessments on its unsold Units the Declarant shall be obligated for the lesser of (a) such regular assessments or (b) the difference, if any, between the amount of actual expenditures required to operate the Association during the fiscal year, less the aggregate amount of assessments levied on all Units subject to assessment during such fiscal year. This obligation may be satisfied in the form of a cash subsidy or by "in kind" contributions of services or materials, or a combination of these. As of the date on which the Class "B" Control Period terminates, Declarant shall commence paying assessments on all Units which it owns. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessment for each Unit shall be adjusted according to the number of months remaining in the fiscal year.

Section 9. Subordination of the Lien to First Mortgages. The lien of assessments, including interest, late charges (subject to the limitations of Florida law), and costs (including attorney's fees and disbursements) provided for herein, shall be subordinate to the lien of any first Mortgage upon any Unit. The sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall

relieve such Unit from lien rights for any assessments thereafter becoming due. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Unit obtains title pursuant to judicial or nonjudicial foreclosure of the Mortgage, it shall not be liable for the share of the Common Expenses or assessments by the Association chargeable to such Unit which became due prior to such acquisition of title. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from Owners of all the Units, including such acquirer, its successors and assigns.

Section 10. Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Common Assessments, Neighborhood Assessments, and Special Assessments:

- (a) all Common Area; and
- (b) all property dedicated to and accepted by any governmental authority or public utility, including, without limitation, public schools, public streets, and public parks, if any.

Article XI Architectural Standards

No construction of any exterior structure or improvement shall take place on any portion of the Properties except in strict compliance with this Article, until the requirements below have been fully met, and until the approval of the Architectural Review Committee has been obtained pursuant to Section 1 below. Exterior structures and improvements shall include, but shall not be limited to, staking, clearing, excavation, grading, changing elevation, and other site work; initial construction of any dwelling or accessory building; exterior alteration of existing improvements; installation or replacement of mailboxes; garbage cans; wood piles; swimming pools; docks, piers, or boathouses; gazebos or playhouses; flag-poles, window air-conditioning units or fans; shutters or awnings; hot tubs; solar panels; antennas; satellite dishes or any other apparatus for the transmission or reception of television, radio, satellite, or other signals of any kind; hedges, walls, dog runs, animal pens, or fences of any kind, including invisible fences; artificial vegetation or sculpture; and planting or removal of plants, trees, shrubs or other landscaping materials. The Architectural Review Committee may establish reasonable fees to be charged for review of applications hereunder and may require such fees to be paid in full prior to review of any application.

All dwellings constructed on any portion of the Properties shall be designed by an architect licensed in the State of Florida and built in accordance with the plans and specifications sealed by an architect licensed in the State of Florida.

This Article shall not apply to the activities of the Declarant, nor to construction or improvements or modifications to the Common Area by or on behalf of the Association.

This Article may not be amended without the Declarant's written consent during the Development Period.

Section 1. Architectural Review Committee. The Architectural Review Committee (ARC) shall consist of at least three (3), but not more than five (5), persons and shall have exclusive jurisdiction over

all construction on any portion of the Properties, modifications, additions, or alterations made on or to existing Units or structures containing Units and the open space, if any, appurtenant thereto. Until one hundred percent (100%) of the Properties have been developed and conveyed to Owners by the Declarant and initial construction on each Unit has been completed in accordance with the Architectural Standards Manual (as defined below), the Declarant retains the right to appoint all members of the ARC who shall serve at the Declarant's discretion. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon the expiration or surrender of such right, the Board shall appoint the members of the ARC, who shall thereafter serve and may be removed in the Board's discretion. The members of the ARC may include architects, engineers and other persons who are not members of the Association.

The ARC shall prepare and promulgate design and development guidelines and application and review procedures (the Architectural Standards Manual). The Architectural Standards Manual may contain general provisions applicable to all of the Properties, as well as specific provisions which vary according to land use and from one (1) portion of the Properties to another depending upon the location, unique characteristics, and intended use. The Architectural Standards Manual may include requirements with respect to wiring and cabling of residential dwellings for alarm systems, internet, intranet and other computer-related services, and environmental standards and controls. In addition, the Architectural Standards Manual shall include building and construction requirements, including requirements regarding job site conditions, which may be set forth in a separate builder program manual. Copies shall be available from the Architectural Review Committee for review. The ARC shall have sole and full authority to prepare and to amend the Architectural Standards Manual. Any amendments to the Architectural Standards Manual shall be prospective only. There shall be no limitation on the scope of amendments to the Architectural Standards Manual except that no amendment shall require the modification or removal of any structure previously approved once the approved construction or modification has commenced. The ARC is expressly authorized to amend the Architectural Standards Manual to remove requirements previously imposed or otherwise to make the Architectural Standards Manual less restrictive. It shall make the Architectural Standards Manual available to all parties who seek to purchase or contract for construction upon any portion of the Properties and such parties shall conduct their activities strictly in accordance therewith.

Plans and specifications showing the nature, kind, shape, color, size, materials, and location of all proposed structures and improvements, shall be submitted to the ARC for review and approval. In addition, information concerning irrigation systems, drainage, lighting, landscaping and other features of proposed construction shall be submitted as applicable and as required by the Architectural Standards Manual. In reviewing each submission, the ARC may consider the quality of workmanship and design, harmony of external design with existing structures, and location in relation to surrounding structures, topography, and finish grade elevation, among other considerations. Decisions may be based solely on aesthetic considerations. Each Owner acknowledges that opinions on aesthetic matters are subjective and may vary over time. In addition, each Owner acknowledges that, as the developer of the Properties, Declarant has a substantial interest in ensuring that all structures and improvements within the Properties enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market, sell or lease any portion of the Properties. Therefore, each Owner agrees that, during the period that the Declarant has the right to appoint the members of the ARC, the ARC shall be acting solely in Declarant's interest and shall owe no duty to any other Person.

The Architectural Standards Manual is intended to provide guidance regarding matters of particular concern to the ARC in considering applications hereunder. The Architectural Standards Manual is not the exclusive basis for decisions of the ARC, and compliance with the Architectural Standards Manual does not guarantee approval of any application. Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his Unit, or to paint the interior of his Unit any color desired; provided, modifications or alterations to the interior of screened porches, patios and similar portions of a Unit visible from outside the Unit shall be subject to approval hereunder.

With respect to plans for initial construction of a dwelling on a Unit, the ARC shall approve or disapprove plans submitted to it, or shall request additional information reasonably required, within thirty (30) days after receipt thereof. With respect to requests for modifications and all other plans submitted to the ARC, the ARC shall approve or disapprove plans submitted to it, or shall request additional information reasonably required, within thirty (30) days after receipt thereof.

Section 2. Exclusive Contractor. It is the Declarant's intention to perform, or engage the performance of all construction activities within PALM ISLAND PLANTATION through an affiliate. As such, Declarant, or its project affiliate, shall be the exclusive contractor for both single-family and multi-family residential construction. The Declarant shall be permitted, in its sole discretion, however, to implement a builder program which shall include an approval process utilizing established criteria and requiring the submission of a written application for approval.

In order to ensure that appropriate standards of construction are maintained throughout the Properties, all architects must be approved by the ARC prior to engaging in any activities. Approval of architects and contractors may not be construed as a recommendation of a specific architect or contractor by the ARC or the Declarant, nor a guarantee or endorsement of the work of such architect or contractor. Once approved (unless such approval is withdrawn by the ARC, in the ARC'S sole discretion), an approved architect or contractor will not be required to re-submit to the approval process.

Section 3. Right to Inspect. Any member or representative of the Board of Directors, the ARC, the Declarant or their representatives shall have the right, during reasonable hours and after reasonable notice, to enter upon any property to inspect for the purpose of ascertaining whether or not these restrictive covenants have been or are being complied with. Such Person or Persons shall not be deemed guilty of trespass by reason of such entry. In addition to any other remedies available to the Association, in the event of noncompliance with this Section, the Board may record in the appropriate land records a notice of violation naming the violating Owner.

Section 4. No Waiver of Future Approvals. The approval of the ARC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the ARC, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or any other matter submitted for approval or consent.

Section 5. Variance. The ARC may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no

variance shall (a) be effective unless in writing, (b) be contrary to the restrictions set forth in the body of this Declaration, or (c) estop the ARC from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

Section 6. Compliance With Architectural Standards Manual. Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of the Architectural Standards Manual may be excluded by the Board, the ARC or Declarant from the Properties without liability to any Person, after compliance with the notice and hearing procedures contained in Article III, Section 21 of the By-Laws.

Section 7. No Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and the ARC shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners. Neither the ARC, the Association, the Board of Directors, any committee, or member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction or modifications to any Unit.

Section 8. Enforcement. Any structure, improvement or landscaping placed or made in violation of this Article shall be deemed to be nonconforming. Upon written request from the ARC, Owners shall, at their own cost and expense, mitigate against any further violations and remove such structure or improvement and restore the property to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore the property as required, any authorized agent of the ARC, the Declarant or the Board shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. Entry for such purposes and in compliance with this Section shall not constitute a trespass. In addition, the Board may enforce the decisions of the ARC by any means of enforcement described in Article IX, Section 3 and, during the Development Period, shall do so upon written request from the ARC or the Declarant.

Unless otherwise specified in writing by the ARC, all approvals granted hereunder shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Unit, unless approval to modify any application has been obtained. If, after commencement, any Person fails to diligently pursue to completion all approved work, the ARC, the Declarant, or the Board shall be authorized, after notice to the Owner of the Unit and an opportunity to be heard in accordance with the By-Laws, to enter upon the Unit and remove or complete any incomplete work. All costs incurred by the ARC, the Declarant, or the Board to enforce this Article shall be assessed against the Unit and the Owner thereof as a Special Assessment pursuant to Article X, Section 4.

In addition to the foregoing, the Association shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the ARC.

Neither the ARC or any member of the ARC, nor the Association, the Declarant, or their members, officers or directors shall be held liable to any Person for exercising the rights granted by this Article.

Article XII
Use Restrictions

The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Association or business, sales, or real estate offices for the Declarant, its affiliates, or the Association) as may more particularly be set forth in this Declaration and amendments hereto. Any Supplemental Declaration or additional covenants imposed on the property within any Neighborhood may impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards.

The Association, acting through its Board of Directors, shall have authority to make and to enforce rules and restrictions governing the use of the Properties, in addition to those contained herein, and to impose reasonable user fees for use of Common Area facilities. Such rules and regulations shall be binding upon all Owners, occupants, invitees, and licensees, if any, until and unless overruled, cancelled, or modified in a regular or special meeting of the Association by the vote of at least a majority of the total Association and by the Declarant, during the Development Period.

Section 1. Occupancy of Residential Units. No Residential Unit may be occupied by more than a single family. Residential Units owned by corporations, partnerships, trusts or some other form of multiple ownership shall designate one (1) person and his or her family to occupy the Residential Unit prior to, or at the time of, conveyance of the Residential Unit to the multiple ownership entity. The designation of such occupants may be changed only with the prior notice to the Board of Directors. For purposes of this Section the term "family" shall mean (a) persons related to one another by blood, marriage, or adoption, or (b) two single unrelated persons and persons related to them by blood, marriage, or adoption.

Section 2. Signs. No sign of any kind shall be erected by an Owner or occupant without the prior written consent of the ARC, except (1) such signs as may be required by legal proceedings; and (2) not more than one (1) professional security sign of such size deemed reasonable by the ARC in its sole discretion. Unless in compliance with this Section, no signs shall be posted or erected by any Owner or occupant within any portion of the Properties, including the Common Area, any Unit, any structure or dwelling located on the Common Area or any Unit (if such sign would be visible from the exterior of such structure or dwelling as determined in the ARC's sole discretion).

The Declarant and the ARC reserve the right to prohibit signs and to restrict the size, content, color, lettering, design and placement of any approved signs. All signs must be professionally prepared. This provision shall not apply to entry, directional, or other signs installed by the Declarant or its duly authorized agent as may be necessary or convenient for the marketing and development of the Properties.

Section 3. Parking and Prohibited Vehicles.

(a) Parking. Vehicles shall be parked only in the garages serving the Units or in designated spaces or areas in which parking may or may not be assigned and then subject to such reasonable rules and regulations adopted by Board of Directors, or a Neighborhood Association, if any, having concurrent jurisdiction over parking areas within the Neighborhood. The Declarant and/or the Association may designate certain on-street parking areas for visitors or guests subject to reasonable rules; provided however, there shall be no overnight parking of vehicles on streets within the Properties. Owners and guests or visitors shall be permitted to park in driveway serving units on a temporary basis.

(b) Prohibited Vehicles. Commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and boat trailers shall be parked only in enclosed garages or areas, if any, designated by the Board or by the Neighborhood Association, if any, having jurisdiction over parking areas within a particular Neighborhood. Motorized bicycles, motorized tricycles, motorized mopeds, go-carts, miniature cars, or similar motorized vehicles shall not be operated or parked on any street or any portion of the Common Areas within the Properties. Motorcycles and mopeds are permitted, provided that they shall be operated in a reasonable and prudent fashion, and provided that such operation does not create objectionable noise or constitute a nuisance to other Owners or the Association. Stored vehicles and vehicles which are either obviously inoperable or do not have current operating licenses shall not be permitted on the Properties except within enclosed garages. Notwithstanding the foregoing, service and delivery vehicles may be parked in the Properties during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Areas. The Board shall have the power to tow or have towed any vehicle parked in violation of this Section or in violation of parking rules promulgated by the Board.

Section 4. Occupants Bound. All provisions of the Declaration, By-Laws and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and invitees of any Unit. Every Owner shall cause all occupants, guests, and invitees of his or her Unit to comply with the Declaration, By-Laws, and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Common Areas caused by such occupants, guests, and invitees, notwithstanding the fact that such occupants of a Unit are fully liable and may be sanctioned for any violation of the Declaration, By-Laws, and rules and regulations adopted pursuant thereto.

Section 5. Animals and Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any portion of the Properties, except dogs, cats, or other usual and common household pets may be permitted in a Unit. However, those pets which are permitted to roam free, or, in the sole discretion of the Association, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of other Units or the owner of any portion of the Properties shall be removed upon request of the Board; if the owner fails to honor such request, the pet may be removed by the Board. No pets shall be kept, bred, or maintained for any commercial purpose. Dogs shall at all times whenever they are outside a Unit be confined on a leash held by a responsible person. Pet owners shall be responsible for cleaning up after their pets in the Common Areas. Any Supplemental Declaration or

additional covenants within any Neighborhood may impose stricter standards and additional restrictions for animals and pets.

Section 6. Quiet Enjoyment. No portion of the Properties shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any portion of the Properties that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property.

No noxious, illegal, or offensive activity shall be carried on upon any portion of the Properties, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Properties. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Properties. Except for outside burning by the Declarant during development of the Properties, no outside burning of wood, leaves, trash, garbage or household refuse shall be permitted within the Properties.

The reasonable and normal development, construction and sales activities conducted or permitted by the Declarant shall not be considered a nuisance or a disturbance of the quiet enjoyment of any Owner or occupant.

Section 7. Unsightly or Unkempt Conditions. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Unit. No rubbish, trash, garbage or other waste material shall be kept or permitted on the Properties except in containers located in appropriate areas, if any, and no odor shall be permitted to arise from any such containers so as to render the Properties or any portion thereof unsanitary, unsightly or offensive to any other adjacent property or to the occupants of adjacent property. No clothing or household fabrics shall be hung, dried or aired, and no lumber, grass, shrub or tree clippings or trash shall be kept, stored or allowed to accumulate on any portion of the Properties. There shall be no dumping of grass clippings, leaves or other debris; rubbish, trash or garbage; petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake within the Properties, except that fertilizers may be applied to landscaping on Units provided care is taken to minimize runoff. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Properties.

Section 8. Antennas. No exterior antennas, aerials, or other apparatus for the transmission of television, radio, satellite or other signals of any kind shall be placed, allowed, or maintained upon any portion of the Properties, including any Unit, without the prior written consent of the Board or its designee. Landscaping, painting or screening may be required by the ARC to minimize visual impact. The Declarant and/or the Association shall have the right, without obligation, to erect aerial, satellite dish, or other apparatus for a master antenna or cable system for the benefit of all or a portion of the Properties, should any such master system or systems be utilized by the Association and require any such exterior apparatus.

Section 9. Playground Equipment, Clotheslines, Garbage Cans, Tanks, Etc. All garbage cans, above-ground storage tanks, mechanical equipment, and other similar items on Units shall be located or screened so as to be concealed from view of neighboring Units, streets, and property located adjacent to the Unit. Permanent recreational and play equipment is not permitted on any Unit, including, but not limited to, basketball goals, swing sets, jungle gyms, playhouses, play complexes, trampolines and similar items. Portable recreational and play equipment, such as mobile basketball hoops and backboards, may be used, and shall be stored within a garage or on covered porches when not in use. All rubbish, trash, and garbage shall be stored in appropriate containers approved pursuant to Article XI hereof and shall regularly be removed from the Properties and shall not be allowed to accumulate thereon.

Section 10. Subdivision of Unit and Time Sharing. No Unit shall be subdivided or its boundary lines changed except with the prior written approval of the ARC. Declarant, however, hereby expressly reserves the right to replat any Unit or Units owned by Declarant. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations.

No Unit shall be made subject to any type or time-sharing, fraction sharing, or similar program whereby the right to exclusive use of the Unit rotates among members of the program on a fixed or floating time schedule over any period of time. Time-Share estates are expressly prohibited.

Section 11. Firearms. The discharge of firearms, fireworks, and firecrackers within the Properties is prohibited. The term "firearms" includes "BB" guns, pellet guns, and other firearms of all types, regardless of size. The Board may impose fines and exercise other enforcement remedies as set forth in this Declaration, but shall have no obligation to exercise self-help to prevent or stop any such discharge.

Section 12. Pools. No above-ground swimming pools shall be erected, constructed or installed on any Unit. All exterior in-ground pools, all spas and jacuzzies must be approved in accordance with Article XI of this Declaration.

Section 13. Irrigation. No sprinkler or irrigation system of any type which draw upon water from creeks, streams, rivers, lakes, ponds, wetlands, canals or other ground or surface waters within the Properties shall be installed, constructed or operated within the Properties unless prior written approval has been received from the ARC. All sprinkler and irrigation systems shall be subject to approval in accordance with Article XI of this Declaration. In the event a nonpotable irrigation system is provided to the Unit, the Unit Owner shall connect to that system. This Section shall not apply to the Declarant, and it may not be amended without Declarant's written consent during the Development Period.

Section 14. Manufactured Homes, Tents, Trailers, and Temporary and Accessory Structures. Except as may be permitted by the Declarant or the ARC during initial construction within the Properties, no tent, utility shed, shack, trailer or other temporary or accessory structure shall be placed upon a Unit or any part of the Properties.

Section 15. Drainage and Septic Systems. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Person other than Declarant may obstruct or rechannel the drainage flows after the location of drainage swales, storm sewers, or storm drains. Declarant hereby reserves for itself and the Association a perpetual easement

across the Properties for the purpose of altering drainage and water flow. Septic tanks and drain fields are prohibited on the Properties where utilities are provided by the Declarant.

Section 16. Tree Removal. No trees shall be removed, except for diseased or dead trees and trees needing to be removed to promote the growth of other trees or for safety reasons, unless approved in accordance with Article XI of this Declaration and in accordance with any guidelines for tree removal adopted by the ARC, as applicable. In the event of an intentional or unintentional violation of this Section, the violator may be required by the ARC to replace the removed tree with one (1) or more trees of such size and number, and in such locations, as the ARC may determine in its sole discretion.

Section 17. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners.

Section 18. Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted on Units within the Properties, except for temporary lines as required during construction and high voltage lines if required by law or for safety purposes. However, overhead utility lines may be maintained by the Declarant or the Association on the Common Area.

Section 19. Air Conditioning Units. Except as may be approved in accordance with Article XI of this Declaration, no window air conditioning units may be installed in any Unit.

Section 20. Lighting. Except for seasonal decorative lights, which may be displayed between Thanksgiving and January 10 only, all exterior lights must be approved in accordance with Article XI of this Declaration.

Section 21. Artificial Vegetation, Exterior Sculpture, and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Properties. Exterior sculpture, fountains, flags, and similar items must be approved in accordance with Article XI of this Declaration.

Section 22. Energy Conservation Equipment and Greenhouses. No solar energy collector panels or attendant hardware or other energy conservation equipment or greenhouse shall be constructed or installed on any Unit unless it is an integral and harmonious part of the architectural design of a structure, except as determined in the sole discretion of the ARC pursuant to Article XI of this Declaration.

Section 23. Wetlands, Lakes and Water Bodies. All wetlands, lakes, ponds, and streams within the Properties, if any, shall be storm water retention or waste management facilities or aesthetic amenities only, and no other use thereof, including, without limitation, fishing, swimming, boating, playing, or use of personal flotation devices, shall be permitted without the prior approval of the Board of Directors. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, streams or mangrove shoreline within the Properties. No docks, piers, or other structures shall be constructed on or over any body of water within the Properties, except such as may be constructed by the Declarant or the Association, or as approved pursuant to Article XI of this Declaration. Owners, as well as their families, tenants, guests, invitees, and pets, shall be obligated to refrain from any actions which would erode or damage any lake, pond, wetland, stream or mangrove shoreline, including but not limited to the shoreline and water quality of such areas.

Section 24. Alteration of Waterfront Units. The elevation of the land shall not be altered and fill shall not be used to extend the boundaries of a Unit or to change the bulkhead line on any Unit bounded by a wetland, lake, or other body of water unless approved in accordance with Article XI of this Declaration.

Section 25. Playground. Any playground or other play areas or equipment furnished by the Association or erected within the Properties shall be used at the risk of the user, and the Association shall not be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

Section 26. Fences. No hedges, walls, dog runs, animal pens or fences of any kind shall be permitted on any Unit except as approved in accordance with Article XI of this Declaration. However, except for fences erected by the Declarant or Association, no chain link or PVC type fences shall be permitted on the Properties.

Section 27. Driveways and Mailboxes. The style and design of all driveways located on the Properties must be approved by the ARC in accordance with the Architectural Standards Manual. All mailboxes shall be of the standard, uniform style and design selected by Declarant to insure consistency and aesthetic continuity within PALM ISLAND PLANTATION.

Section 28. Garages. All garages located on Residential Units must be approved by the ARC in accordance with the Architectural Standards Manual. In any event all Residential Units must contain at least one (1) two-car garage and may not contain more than one (1) three-car garage. The doors of all garages located on the Properties shall be "side-load", and shall be kept closed at all times except when the garage is being entered or exited.

Section 29. Helicopter and Aircraft Pads. No helicopter or aircraft pads shall be permitted on Units. However, helicopter or aircraft pads may be maintained by the Declarant or the Association on the Common Area.

Section 30. Business Use. Residential Units may be used only for residential purposes of a single family as prescribed in Article XII, Section 1 and for ancillary business or home office uses. A business or home office use shall be considered ancillary so long as: (a) the existence or operation of the activity is not apparent or detectable by sight, sound, or smell from outside the Residential Unit; (b) the activity conforms to all zoning requirements for the Properties; (c) the activity does not include regular visitation of the Residential Unit by clients, customers, suppliers, or other invitees or door-to-door solicitation of residents of the Properties; (d) the activity does not increase traffic or include frequent deliveries within the Properties; and (e) the activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

Except as provided above, no business, trade or similar activity shall be conducted upon any Unit without the prior written consent of the Board. The terms "business" and "trade", as used in this provision shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider

receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor. This Section shall not apply to any activity conducted by the Declarant, its affiliates, or a builder approved by the Declarant, with respect to its development and sale of the Properties or its use of any Units which it owns within the Properties, or to property designated or used by the Declarant or its affiliates as a sales office, business office, title insurance agency, or other office.

Section 31. On-Site Fuel Storage.

(a) Buried propane tanks may be permitted for the operation of gas appliances or for pool heating equipment, provided that the same are approved in accordance with Article XI of this Declaration.

(b) No on-site storage of gasoline, heating or other fuels shall be permitted on any part of the Properties except that up to five (5) gallons of fuel may be stored on each Residential Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators and similar equipment, and shall be stored in accordance with applicable law.

Section 32. Golf Carts. Except for golf carts operated by the Declarant or the Association, no golf carts shall be operated within the Properties.

Section 33. Leasing of Units.

(a) "Leasing", for purposes of this Declaration, is defined as regular, exclusive occupancy of a Unit by any person or persons other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to a fee, service, gratuity, or emolument.

(b) Units may be leased only in their entirety, and for residential purposes only. All leases shall be in writing, and shall require, without limitation, that the tenant acknowledge receipt of a copy of the Declaration, By-Laws, use restrictions, and rules and regulations of the Association. The lease shall also obligate the tenant to comply with the foregoing. The Board may require notice of any lease together with such additional information deemed necessary by the Board.

(c) Occupancy shall be limited to one (1) lessee and members of his immediate family and guests. Leasing of a Unit for a period of less than thirty (30) days is prohibited. No Unit may be leased more than three (3) times in any consecutive twelve (12) month period. No rooms may be rented and no transient tenants may be accommodated. No lease of a Unit shall release or discharge the Owner thereof of compliance with this Article or any of his other duties as a Unit Owner.

(d) Every Owner shall cause all tenants and occupants of his or her Unit to comply with the Declaration, By-Laws, and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations and losses to Common Areas caused by such occupants, notwithstanding the fact that such occupants are fully liable and may be sanctioned for any violation of the Declaration, By-Laws and rules and regulations adopted pursuant thereto.

Section 34. Storm Precautions. No hurricane or storm shutters shall be permanently installed on any structure except as approved in accordance with Article XI of this Declaration. Hurricane or storm shutters approved in accordance with Article XI may be used or operated, and other storm precautions may be taken to protect structures. However, the use of the hurricane or storm shutters shall be restricted to the time period after a published notice of hurricane threat and must be removed within five (5) days after threat of hurricane ceases.

Section 35. Laws and Ordinances. Every Owner and occupant of any Unit, their guests and invitees, shall comply with all laws, statutes, ordinances and rules of federal, state and municipal governments applicable to the Properties and any violation thereof may be considered a violation of this Declaration; provided, the Board shall have no obligation to take action to enforce such laws, statutes, ordinances and rules.

Article XIII General Provisions

Section 1. Term. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any property subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein.

Section 2. Amendment. Prior to the conveyance of the first Unit, Declarant may unilaterally amend this Declaration. After such conveyance, the Declarant may unilaterally amend this Declaration at any time and from time to time if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Units; or (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units; provided, however, any such amendment shall not adversely affect the title to any Unit previously conveyed unless the Owner shall consent thereto in writing. During the Development Period, the Declarant may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner. During the Class "B" Control Period, and notwithstanding the provisions of this Section, the Declarant shall have a right to amend the provisions of Article XII of this Declaration.

Thereafter and otherwise, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of seventy-five (75%) percent of the total Class "A" votes in the Association and, during the Development Period, the consent of the Declarant. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the

prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment to be effective must be recorded in the public records of Indian River County, Florida.

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

Section 3. Indemnification. The Association shall indemnify every officer, director, and committee member against any and all expenses, including counsel fees and disbursements, reasonably incurred by or imposed upon such officer, director, or committee member in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors, excluding directors that are parties to such suit or proceeding) to which he or she may be a party by reason of being or having been an officer, director, or committee member. The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers, directors and committee members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors or committee members may also be Members of the Association), and the Association shall indemnify and forever hold each such officer, director, and committee member free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director, or committee member, or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 4. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and such portion or portions of the Common Area as are adjacent thereto, and between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three (3) feet, as measured from any point on the common boundary between each Unit and the adjacent portion of the Common Area, or as between said adjacent Units, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, an Owner, occupant, or the Association.

Section 5. Easements for Utilities, Etc. There is hereby reserved unto Declarant, during the Development Period, the Association, and the designees of each (which may include, without limitation, the Town of Indian River Shores, Florida, Indian River County, Florida and any utility), blanket easements upon, across, over, and under all of the Properties for ingress, egress, installation, replacing, repairing, and maintaining cable television systems, master television antenna systems, security, and similar systems, roads, walkways, bicycle pathways, lakes, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas,

and electricity; provided, the exercise of this easement shall not unreasonably interfere with the use of any Unit and, except in an emergency, entry into any Unit shall be made only after reasonable notice to the Owner or occupant thereof.

Without limiting the generality of the foregoing, there are hereby reserved for the local water supplier easements across all Units and the Common Areas on the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining water meter boxes. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Properties, except as may be approved by the Association's Board of Directors or as provided by Declarant.

Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement over the Properties without conflicting with the terms hereof. The easements provided for in this Article shall in no way adversely affect any other recorded easement on the Properties.

The Board shall have, by a two-thirds (2/3) vote, the power to dedicate portions of the Common Area to Indian River County, Florida, the Town of Indian River Shores, Florida, or to any other local, state, or federal governmental entity.

Section 6. Easements for Maintenance and Enforcement. Declarant reserves, creates, establishes, promulgates and declares non-exclusive, perpetual, appurtenant rights and easements for the Association to enter all portions of the Properties, including each Unit, to (a) perform its maintenance responsibilities under Article IV, and (b) make inspections to ensure compliance with the Declaration, By-Laws, Architectural Standards Manual and any other applicable covenants, restrictions or rules. Except in emergencies, entry onto a Unit shall be only during reasonable hours. This easement shall be exercised with a minimum of interference to the quiet enjoyment to Owners' property, and any damage shall be repaired by the Association at its expense. Entry under this Section shall not constitute a trespass.

The Association also may enter a Unit to abate or remove, using such measures as may be reasonably necessary, any structure, thing or condition which violates the Declaration, By-Laws, Architectural Standards Manual or any other applicable covenants, restrictions or rules. All costs incurred, including reasonable attorneys fees, may be assessed against the violator as a Special Assessment.

Section 7. Easements for Lake and Pond Maintenance and Flood Water. Declarant reserves, creates, establishes, promulgates and declares for itself and its successors, assigns, and designees, which may include but shall not be limited to the Association, the nonexclusive, perpetual, appurtenant right and easement, but not the obligation, to enter upon the lakes, ponds, and wetlands located within or adjacent to the Properties to (a) install, keep, maintain, and replace pumps, wells, and irrigation systems in order to provide water for the irrigation of any of the Area of Common Responsibility; (b) draw water from such sources for purposes or irrigation; (c) construct, maintain, and repair any bulkhead, wall, dam, or other structure retaining water; and (d) remove trash and other debris therefrom and otherwise maintain such lakes, ponds and wetlands. The Declarant and its designees shall have an access easement over and across any of the Properties abutting or containing any portion of any lake, pond, or wetland to the extent reasonably necessary to exercise their rights under this Section.

Declarant further reserves, creates, establishes, promulgates and declares for itself and its successors, assigns and designees, which may include but shall not be limited to the Association, the non-exclusive, perpetual, appurtenant right and easement of access and encroachment over the Common Area and Units (but not the dwellings thereon) adjacent to or within twenty (20) feet of lake beds, ponds, and wetlands in order to (a) temporarily flood and back water upon and maintain water over such portions of the Properties; (b) fill, drain, dredge, deepen, clean, fertilize, dye, and generally maintain the lakes, ponds, and wetlands; (c) maintain and landscape the slopes and banks pertaining to such lakes, ponds, and wetlands; (d) disturb existing landscaping; and (e) pile dirt and plant materials. All Persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from the intentional exercise of such easements. All affected areas shall be restored to a neat and attractive condition to the extent practical, as soon as reasonably possible after completion of any construction or maintenance activities authorized in this Declaration. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to heavy rainfall or other natural disasters, nor for maintaining, increasing or decreasing the water level within any lake, pond or wetland, nor for removing vegetation from any lake, pond or wetland.

Under no circumstances shall the Association or the Declarant be held liable for any damage or injury resulting from the exercise of the easements granted in this Section.

Declarant reserves unto itself the right, in the exercise of its sole discretion, upon the request of any Person holding, or intending to hold, an interest in the Properties, or at any other time, (a) to release all or any portion of the Properties from the burden, effect, and encumbrance of any of the easements granted or reserved under this Section, or (b) to define the limits of any such easements.

Section 8. Rights to Stormwater Runoff, Effluent and Water Reclamation. Declarant hereby reserves for itself and its successors, assigns and designees, which may include but shall not be limited to the Association all rights to ground water, surface water, and storm water runoff located or produced within the Properties, and each Owner agrees, by acceptance of a deed to a Unit, that Declarant shall retain all such rights. Such right shall include an easement over the Properties for access, and for installation and maintenance of facilities and equipment to capture and transport such water and runoff, including but not limited to wells. Under no circumstances shall the Association or the Declarant be held liable for any damage or injury resulting from the exercise of the easements granted in this Section.

Section 9. Severability. Invalidity 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 10. Right of Entry. The Association shall have the right, but not the obligation, to enter into any Unit for emergency, security, and safety reasons, and to inspect for the purpose of ensuring compliance with this Declaration, the By-Laws, and the Association rules, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter a Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after request by the Board.

Section 11. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue for only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 12. Litigation. During the Class "B" Control Period, no judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by the Board of Directors. After the Class "B" Control Period is terminated, no judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five (75%) percent of the Members. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided in Article X hereof, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims or crossclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Declarant or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 13. Cumulative Effect; Conflict. The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Neighborhood and the Association may, but shall not be required to, enforce the latter; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of incorporation, by-laws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Neighborhood shall be subject and subordinate to those of the Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Association.

Section 14. Use of the "PALM ISLAND PLANTATION" Name and Logo. No Person shall use the words "PALM ISLAND PLANTATION" or the logo for PALM ISLAND PLANTATION or any derivative thereof in any printed or promotional material without the prior written consent of the Declarant. However, Owners may use the term "PALM ISLAND PLANTATION" in printed or promotional matter where such term is used solely to specify that particular property is located within the development, and the Association and Declarant shall each be entitled to use the words "PALM ISLAND PLANTATION" in their name.

Section 15. Compliance. Every Owner and occupant of any Unit shall comply with all lawful provisions of this Declaration, the By-Laws and rules and regulations of the Association. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association or, in a proper case, by any aggrieved Unit Owner or Owners.

Section 16. Security. Each Owner and occupant of a Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in the Properties. The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES, HOWEVER, AND NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY

SUCCESSOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY UNIT, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION AND ITS BOARD OF DIRECTORS, DECLARANT, OR ANY SUCCESSOR DECLARANT AND THE ARCHITECTURAL REVIEW COMMITTEE DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM OR MEASURE, INCLUDING ANY MECHANISM OR SYSTEM FOR LIMITING ACCESS TO THE PROPERTIES MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS OR MEASURES WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS OR MEASURES WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY UNIT, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, DECLARANT, AND ALL SUCCESSOR DECLARANTS ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY UNIT AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS AND TO THE CONTENTS OF UNITS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, DECLARANT, AND ALL SUCCESSOR DECLARANTS HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTIES.

Section 17. Notice of Sale or Transfer of Title. Any Owner desiring to sell or otherwise transfer title to a Unit shall give the Board at least seven (7) days prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Unit, including assessment obligations, until the later of (a) the transfer of title to such purchaser or transferee, and (b) the date upon which such notice is received by the Board, notwithstanding the transfer of title.

Section 18. Cabanas. Declarant may construct, but has no obligation to construct, private beach cabanas on the Properties. If constructed, these cabanas may be sold to Owners as independently owned Nonresidential Units as provided in Article 1, Section 25 of this Declaration, and will be subjected to and governed by the terms of this Declaration. As a strict condition to the purchase or acquisition of a beach cabana, and as a mandatory continuing requirement, the purchaser of any beach cabana shall hold fee simple title to a Residential Unit, as defined herein.

Article XIV
Mortgagee Provisions

Section 1. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

Section 2. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

Section 3. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

Article XV
Declarant's Rights

Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the By-Laws may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein or in the By-Laws, as applicable, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the public records of Indian River County, Florida.

Notwithstanding any provisions contained in the Declaration to the contrary, for so long as construction and initial sale of Units shall continue, it shall be expressly permissible for Declarant and builders authorized by Declarant to maintain and carry on the Properties such activities as, in the sole opinion of the Declarant, may be reasonably required, convenient, or incidental to the development of the Properties and/or the construction or sale of Units, such as sales activities and promotional events, and restrict Members from using the Common Area during such activities. Such activities shall be conducted in a manner to minimize (to the extent reasonably possible) any substantial interference with the Members' use and enjoyment of the Common Area. In the event that any such activity necessitates exclusion of Owners from Common Areas, such activities shall not exceed seven (7) consecutive days. The Declarant and authorized builders shall have easements over the Properties for access, ingress and conducting such activities.

In addition, the Declarant and builders authorized by Declarant may establish within the Properties, such facilities as, in the sole opinion of the Declarant, may be reasonably required, convenient, or incidental to the development of the Properties and/or the construction or sale of Units, including, but not limited to, business offices, signs, model units, tents, sales offices, sales centers and related parking facilities. During the Development Period, Owners may be excluded from use of all or a portion of such facilities in the Declarant's sole discretion. The Declarant and authorized builders shall have easements over the Properties for access, ingress, and egress and use of such facilities.

Declarant may permit the use of any facilities situated on the Common Area by Persons other than Owners without the payment of any use fees.

The Declarant and its employees, agents and designees shall also have a right and easement over and upon all of the Common Area for the purpose of making, constructing and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

So long as Declarant continues to have rights under this paragraph, no Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant.

This Article may not be amended without the express written consent of the Declarant; provided, however, the rights contained in this Article shall terminate upon the earlier of (a) twenty (20) years from the date this Declaration is recorded, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

Article XVI Right of First Refusal

In order to assure a community of congenial Owners and thus protect the value of the Units, the sale of Units by an Owner shall be subject to the following provisions.

Section 1. Association's Right of First Refusal. Each Owner covenants and agrees that the Association, acting through its Board of Directors, shall have and is vested hereby a right of first refusal to purchase a Unit or any interest in a Unit which at any time may be offered for sale. Upon receipt of the notice described in subsection (c) of this Section, the Association, acting through its Board of Directors, shall have thirty (30) days to agree to purchase the Unit itself or produce a creditworthy purchaser approved by it who will accept the transaction under and through its right of first refusal. In either event, unless otherwise agreed, the consideration to be paid to the Owner shall be an amount equal to the best price which an able third party has in good faith offered to pay for the Unit and on terms no less favorable to the Owner than those offered by good faith bona fide purchaser as stated in the notice to the Board. If the Board does not produce such a purchaser, or fails to agree to purchase the Unit itself, as the case may be, within the thirty (30) day period, the Owner shall have the right to effectuate such sale on the terms submitted.

Section 2. Unauthorized Sale is Voidable. Any sale, voluntary transfer, or conveyance which is not authorized by the terms of this Declaration or for which authorization has not been obtained pursuant to this Section is voidable and may be voided by the Board by recording a certificate voiding the sale in the public records of Indian River County, Florida.

Section 3. Notice. All notices referred to in this Section shall be given by registered or certified United States mail, return receipt requested. Delivery shall be deemed made and notice shall be deemed

given as of the date of acceptance thereof; but if acceptance is refused, delivery shall be deemed given as of the date of mailing. Notices shall be sent to the Association's president and to its manager.

An Owner intending to make a transfer or sale of a Unit or any interest in a Unit shall give notice to the Board of such intention. The Unit Owner shall furnish to the Board as part of the notice (i) the name and address of the intended grantee; (ii) a copy of the executed sales contract for the sale of the Unit; and (iii) such other information as the Board may reasonably require. Such notice, when given, shall constitute a representation, warranty, and an offer to sell to any qualified purchaser produced by the Board.

Section 4. Owner's Right to Withdraw Unit From Proposed Sale. If the Board produces a purchaser who fulfills the requirements set forth in subsection (a) above and who agrees to the terms and conditions of the offer within the thirty (30) day period, the Owner shall be bound to consummate the transaction with the purchaser furnished by the Board in accordance with the terms thereof. At any time during the thirty (30) day period, if the Board has failed to act and has not produced a purchaser, the Owner may withdraw the offer to sell by written notice provided to the Board in the same manner as provided for under subsection (c) above.

Section 5. Form of Association's Consent. Any Owner or any person having executed a contract for the purchase of a Unit who requests the same shall be furnished a recordable statement certifying to the receipt by the Board of the notice specified in subsection (c) above or any waiver, failure, or refusal or failure to exercise rights given to the Board in all cases where such waiver, failure, or refusal does in fact occur. Payment of a fee, not exceeding Fifty (\$50.00) Dollars, may be required as a prerequisite to the issuance of such a statement.

Section 6. Inapplicability to Mortgagees or Related Entity. The provisions of this Section shall not apply to a Mortgagee who comes into possession of a Unit under its rights pursuant to a Mortgage nor to any sales transaction entered into by the Mortgagee of a Unit who has become the Owner of a Unit through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by the Mortgage. Furthermore, it is understood and agreed by the Association and each Owner that each Owner may assign, transfer, or convey all or part of its right, title, and interest in and to a Unit without same being considered a sale or an offer to sell the respective Unit under the provisions of this Section when the conveyance or offer is made to: (i) members of an individual Owner's family; (ii) a person or entity which takes title, by gift, devise, or inheritance; (iii) a trust or similar fiduciary entity established by an individual Owner for the benefit of said Owner's family or any member thereof, including the Owner; or (iv) a successor partnership, corporation, or other business entity created by an Owner which in his or her sole discretion may be in the best interest of said Owner for business purposes, provided that at least fifty (50%) percent of the voting power of such entity has been retained by the original Owner. For purposes of this Section the term "family" shall mean persons related to one another by blood, marriage or adoption in the following degrees of kinship only: children, grandchildren, parents, brothers, sisters, aunts, uncles, nieces and nephews.

Article XVII
Boathouse Facilities/Boat Slips

Section 1. Boathouse Facilities. Declarant expects (but is not required) to recondition and refurbish the existing boathouse facilities located upon the Indian River adjacent to the west boundary of the Properties. Declarant reserves the right, but not the obligation, in the future, to convey the boathouse and boardwalks to the Association at no cost to the Association. When conveyed to the Association, the Association shall become responsible for the maintenance and operation of said facilities as with other General Common Areas within Palm Island Plantation.

Section 2. Boat Dock Slips. Declarant may also construct a number of additional boat dock slips upon the Indian River. Rights of use to the boat dock slips may be offered by Declarant, in Declarant's sole discretion, for a separate consideration. Said rights of use may be administered through the Association or a separate entity, and participants will be assessed for ongoing maintenance and upkeep of the boat dock slips. Purchase of a Unit within Palm Island Plantation does not guaranty or vest in the Purchaser any membership, ownership or other right to use said facilities, and no Owner shall acquire any interest in said facilities by virtue of taking title to a Unit at Palm Island Plantation.

Section 3. Compliance. Construction of future single family docks will comply with current State, Federal and Local regulations at the time of construction. This design criteria will include design standards and criteria outlined in Chapter 18-20, Florida Aquatic Preserves. Docks will extend far enough so that there is a one-foot minimum clearance between seagrasses and the draft of the boat.

Article XVIII
Special Provisions for St. Johns River Water Management District

Section 1. Definition. As used herein, "Surface Water or Stormwater Management System" means a system which is designed and constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, overdrainage, environmental degradation, and water pollution or otherwise affect the quantity and quality of discharges.

Section 2. Duties of the Association. The Association shall be responsible for the maintenance, operation and repair of the Surface Water or Stormwater Management System within all portions of PALM ISLAND PLANTATION. Maintenance of the Surface Water or Stormwater Management System shall mean the exercise of practices which allow the system to provide drainage, water storage, conveyance or other surface water or stormwater management capabilities as permitted by the St. Johns River Water Management District. Any repair or reconstruction of the Surface Water or Stormwater Management System shall be as permitted or, if modified, as approved by the St. Johns River Water Management District.

Section 3. Maintenance Assessments. As determined by the Board of Directors or otherwise in accordance with the terms of this Declaration from time to time, assessments shall be made and levied for the maintenance and repair of the Surface Water or Stormwater Management System, including, but not limited to, work within retention areas, drainage structures and drainage easements.

Section 4. Easement for Access and Drainage. The Association shall have, and Declarant hereby reserves for the benefit of the Association, a perpetual non-exclusive easement over all areas of the Surface Water or Stormwater Management System for access to operate, maintain or repair the system. By this easement, the Association shall have the right to enter upon any portion of the Properties which is a part of the Surface Water or Stormwater Management System, at a reasonable time and in a reasonable manner, to operate, maintain or repair the Surface Water or Stormwater Management System as required by the St. Johns River Water Management District permit. Additionally, the Association shall have, and Declarant hereby reserves for the Association, a perpetual non-exclusive easement for drainage over the entire Surface Water or Stormwater Management System. No person shall alter the drainage flow of the Surface Water or Stormwater Management System, including buffer areas or drainage swales, without the prior written approval of the St. Johns River Water Management District.

Section 5. Amendment. Any amendment of the provisions of this Article XVII shall require the prior approval of the St. Johns Water Management District.

Section 6. Enforcement. The St. Johns River Water Management District shall have the right to enforce, by a proceeding at law or in equity, the provisions contained in this Declaration which relate to the maintenance, operation and repair of the Surface Water or Stormwater Management System.

Section 7. Swale Maintenance. Declarant has constructed a drainage swale upon one or more Units and/or the Common Area for the purpose of managing and containing the flow of excess surface water, if any, found thereon from time to time. Subject to the provisions of Article XII, Section 15 of this Declaration, each Owner, including builders, of any Unit shall be responsible for the maintenance, operation and repair of any drainage swale on its property. Maintenance, operation and repair shall mean the exercise of practices, such as mowing and erosion repair, which allow the drainage swales to provide drainage, water storage, conveyance or other stormwater management capabilities as permitted by the St. Johns River Water Management District. Filling, excavation, construction of fences or otherwise obstructing the surface water flow to the drainage swales is prohibited. No Person other than Declarant may rechannel the drainage swales. No alteration of the drainage swales shall be authorized without the prior written approval of the St. Johns River Water Management District. Any damage to any drainage swale, whether caused by natural or human-induced phenomena, shall be repaired and the drainage swale returned to its former condition as soon as possible by the applicable owner upon whose property the drainage swale is located. As determined by the Board of Directors or otherwise in accordance with the terms of this Declaration from time to time, assessments may be made and levied for the foregoing. Declarant hereby reserves for itself and the Association a perpetual easement across the Properties for the purpose of causing each Unit to comply with this Section and nothing in this Section shall limit the rights of Declarant pursuant to Article XII, Section 15 of this Declaration.

IN WITNESS WHEREOF, the undersigned executed this Declaration this 21st day of March, 2002.

PALM ISLAND PLANTATION, L.L.C., a Florida
limited liability company

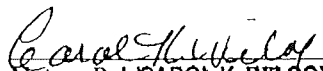
BY: 
DAVID C. BAUER, Managing Member

OR 1477PG0137

STATE OF FLORIDA
COUNTY OF INDIAN RIVER

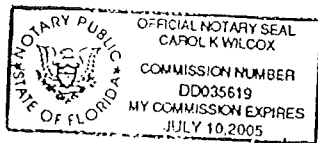
I HEREBY CERTIFY, that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **DAVID C. BAUER**, well known to me to be the Managing Member of **PALM ISLAND PLANTATION, L.L.C.**, a Florida limited liability company, and that he acknowledged executing the same in the presence of two subscribing witnesses freely and voluntarily under authority duly vested in him by said limited liability company.

WITNESS my hand and official seal in the County and State last aforesaid this 21st day of March, A.D., 2002.


Notary Public **CAROL K WILCOX** at Large

Notary Printed Name
My Commission Expires:

SEAL



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Exhibit "A"

Legal Description of Properties

Parcel A:

The North 150.77 feet of the South 340.19 feet of Government Lot 10 lying East of State Road A1A in Section 36, Township 31 South, Range 39 East. (This Parcel measures 158.18 feet along the 1987 CCCL.) Title to this property is subject to that certain Land Use Restrictive Covenant recorded in Official Record Book 1301, Page 2764, public record of Indian River County, Florida;

Parcel B:

The North ½ of Government Lots 8 and 9 and that part of Government Lot 10, lying westerly of the west right-of-way line of State Road A1A (LESS AND EXCEPT the South 189.42 feet thereof) all of the same lying and being in Section 36, Township 31 South, Range 39 East, Indian River County, Florida; LESS AND EXCEPT, however, the right-of-way for the County Road known as "Jungle Trail"; AND LESS AND EXCEPT the following described property;

Beginning at point 438 feet South of the Northwest Corner of Government Lot 8 in Section 36, Township 31 South, Range 39 East; thence East 270 feet; thence North 146 feet; thence West 270 feet; thence South 146 feet to the place of beginning. Being a part of Government Lot 8, Section 36, Township 31 South, Range 39 East.

Parcel C:

Beginning at a point 438 feet South of the Northwest Corner of Government Lot 8 in Section 36, Township 31 South, Range 39 East; thence East 270 feet; thence North 146 feet; thence West 270 feet; thence South 146 feet to the place of beginning. Being a part of Government Lot 8, Section 36, Township 31 South, Range 39 East.

Exhibit "B"

Articles of Incorporation of Association