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CFN 2004131599
Bk 02667 Pgs 2238 - 2279; (42pgs)
DATE: 09/30/2004 03:14:47 PM
JAMES C. WATKINS, CLERK OF COURT
LAKE COUNTY
RECORDING FEES 358.50

**DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND
RESTRICTIONS FOR EAGLES POINT,
LAKE COUNTY, FLORIDA**

**THE DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND
RESTRICTIONS FOR EAGLES POINT SUBDIVISION, LAKE COUNTY, FLORIDA**
(hereinafter referred to as the "Declaration"), is made and entered into this 30 day of
August, 2004, by **Paul M. Buchanan, Individually and as Trustee, and
Shangri-La By The Lake, Inc., a Florida corporation** (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the sole record owner in fee simple of certain real property being developed as **EAGLES POINT** and described in Exhibit "A" attached hereto, a subdivision of land in Lake County Florida according to the plat thereof recorded in Plat Book 53, Page 9, Public Records of Lake County, Florida, (hereinafter referred to as the "Property"); and

WHEREAS, the Declarant desires to provide for the preservation of the values and amenities within the Property, and also provide for the maintenance of the streets, open spaces, buffer areas, entry features and other common facilities, and to this end desires to subject the Property to the covenants, restrictions, easements, charges and liens hereinafter set forth, each an all of which is and are for the benefit of the Property and each subsequent Owner of all or part thereof; and

WHEREAS, it is the intention of the Declarant to develop the Property and to convey fully developed lots; and

WHEREAS, the Declarant has deemed it desirable, for the efficient preservation of the values and amenities within the Property, to create a Homeowners' Association to which shall be delegated and assigned the powers of maintaining and administering certain designated Common Areas and other facilities within the Property, which areas, where applicable, shall be specifically designated on the plat or plats of the Property; administering and enforcing this Declaration; and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant shall incorporate under the laws of the State of Florida, a non-profit corporation to be known as ASSOCIATION OF HOMEOWNERS AT EAGLE POINT, INC. (hereinafter referred to as the "Association"), for the purpose of exercising the functions aforesaid;

R: Deb Marchese Public Wks

NOW, THEREFORE, the Declarant desires that all Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I DEFINITIONS

Section 1. The following words and terms when used in this Declaration (unless contents hereof clearly indicate to the contrary) shall have the following meanings:

Section 1.1 "Additional Land" shall mean any other land which Declarant, in his sole and absolute discretion, may add, and subject to the terms of the Declaration as provided in this Declaration.

Section 1.2 "Architectural Review Committee" or "ARC" shall mean an architectural review committee appointed in accordance with Article V hereof, whose duties shall be as set forth in Article V hereof.

Section 1.3 "Articles of Incorporation" shall mean the Articles of Incorporation of the Association of Homeowners at Eagle Point, Inc., as set forth in Exhibit "B".

Section 1.4 "Association" shall mean the Association of Homeowners at Eagle Point, Inc., a Florida corporation not for profit, its successors and assigns.

Section 1.5 "Board of Directors" shall mean the board of directors of the Association of Homeowners at Eagle Point, Inc.

Section 1.6 "Builder" shall mean and refer to the purchasers of developed lots (or his licensed contractor) from Declarant for the purpose of constructing Dwelling Units thereon.

Section 1.7 "By-Laws" shall mean the By-Laws of the Association of Homeowners at Eagle Point, Inc., as set forth in Exhibit "C".

Section 1.8 "Common Area" shall mean all real property, including the improvements thereon, owned or which may subsequently be owned by the Association for the common use and enjoyment of the Members of the Association, whether acquired by purchase or conveyance from the Declarant, his successors or assigns, by dedication on a plat or plats of the Property, or otherwise. All Common Area shall be acquired by or conveyed to the Association free and clear of all liens. The Common Area shall be identified by tract on the plat or plats of the Property, and shall be subject to the dedications set forth on each plat. The term "Common Area" shall also include: (i) any tangible or intangible personal property acquired by the Association and (ii) any property or other areas which might require

maintenance or care by the Association including, but not limited to, the Road Easement Area. All Common Area is to be maintained by the Association and devoted to and intended for the common use and enjoyment of the Members of the Association, their families, invitees, guests, and persons occupying Dwelling Units (as hereinafter defined) on a guest or tenant basis, to the extent designed on recorded plats or authorized by the Board of Directors of the Association.

Section 1.9 "County" shall mean Lake County, a political subdivision of the State of Florida.

Section 1.10 "Declarant" shall mean Paul M. Buchanan, Individually and as Trustee, and Shangri-La By The Lake, Inc., and their express successors and assigns, designated as set forth in Article IX, Section 8, hereof. All rights, powers and privileges granted to the Declarant by this Declaration or by the Articles of Incorporation and By-Laws of the Association shall be exercised by the Declarant in such manner as it may determine appropriate.

Section 1.11 "Dwelling Unit" shall mean any building or portion thereof constructed on a Lot and intended for use and occupancy as a residence by a single family.

Section 1.12 "Eagle Point" shall mean that certain development located in Lake County, Florida, commonly referred to as "Eagle Point", as approved by Lake County, Florida.

Section 1.13 "Lot" shall mean any numbered plot or parcel of land shown upon a recorded subdivision plat of all or a portion of the Property which Lot is intended to have a Dwelling Unit constructed thereon. Excluded from the definition of Lot are the Common Area, streets, and all lands owned by the Association.

Section 1.14 "Member" shall mean any Owner who is a member of the Association.

Section 1.15 "Owner" shall mean the record owner, whether one or more persons or entities, of fee simple title to any Lot, which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.16 "Property" shall mean the platted property, the real property described in Exhibit "A" attached hereto and any Additional Land which Declarant may from time to time subject to the terms and conditions of this Declaration in accordance with the terms hereof.

Section 1.17 "Road Easement Area" shall mean those certain roads providing ingress/egress to the Property pursuant to the plat of Eagle Point, whether dedicated or not.

Section 1.18 "Surface Water or Stormwater Management System" shall mean 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 from the system, as permitted pursuant to chapters 40C-4, 40C-40, or 40C-42, F.A.C.

ARTICLE II
EASEMENTS RESERVED TO DECLARANT AND OTHERS; PROPERTY RIGHTS

Section 1. Easements for Construction and Sales. There is reserved to the Declarant and his respective designees, successors and assigns (including, without limitation, agents, sales agents, and representatives, and prospective purchasers of Lots), non-exclusive easements over the Common Area, for construction, utility lines, display, maintenance and exhibit purposes in connection with the erection of improvements and sale of Lots and Dwelling Units within the Property and for ingress and egress to and from construction sites at reasonable times.

Section 2. Easements Over Common Areas. To the extent that easements over, upon or under the Common Area are necessary so as to provide utility services to the Property, the Association and each Owner, and his heirs, successors and assigns, do hereby designate and appoint the Declarant as agent and attorney-of-fact, which is coupled with an interest, with full power in his name, place and stead, to execute instruments creating such easements; provided, however, that such easements shall not unreasonably interfere with the use by the Owners of the Common Area. For this purpose, the Declarant shall have the right to grant easements in perpetuity over, under and across all Common Areas shown on any recorded subdivision plats of all or portions of the Property, together with the right to grant easements to others and such easements shall include, but shall not be limited to, the right to use the said Common Area to erect, maintain and use electric and telephone wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, cable television, water or other public convenience or utilities and drainage and the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any similar action reasonably necessary to provide economical and safe public convenience or utility installation or to provide for drainage and to maintain reasonable standards of health, safety and appearance and the right to locate wells, pumping stations and tanks.

Section 3. Easement over Lots. For so long as Declarant is the owner of any Lot, the Declarant hereby reserves unto itself the right to grant easements to itself or any other entity over each such Lot owned for purposes of ingress and egress, drainage, utility, gas, telephone, cable television and electrical services. With respect to easements thus granted, the Declarant shall have and does hereby retain and reserve the right to release the Lot from the encumbrance of such easements; provided, however, that Declarant shall not have the power to release any portion of a utility easement on a Lot without the consent of the utilities using such easement.

Section 4. Easements as Shown on Plat. Easements for access, installation and maintenance of utilities, drainage facilities, screening walls, sidewalks and landscape buffer areas

are reserved to the Association as shown on the recorded plat or plats of the Property. Within such easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of drainage channels in such easements, or which may obstruct or retard the flow of water through the drainage channels or which may be inconsistent with such plans for sidewalks, landscape buffer areas and screening walls as may now or hereafter be approved by the County. The platted easement areas of each Lot, any drainage swales on a Lot and all improvements therein shall be maintained continuously by the Owner of such Lot, except for: (a) those improvements for which a public authority or utility company is responsible; and (b) those improvements for which the Association has expressly assumed responsibility.

Section 5. Owner's Easement of Enjoyment for Common Area. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) Subject to the provisions of Section 5(b) below, every Owner shall have a right to use any of the common facilities owned by the Association;

(b) The right of the Association to suspend the voting rights and right to use of any common facilities by an Owner for any period during which any assessment against his Lot remains unpaid, and for a period not to exceed sixty (60) days from any infraction of its published rules and regulations.

(c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer is approved by a two-thirds (2/3) vote of each class of the Members.

Section 6. Delegation of Use of Common Area. Any Owner may delegate, in accordance with the By-Laws, his right or enjoyment to the Common Area and facilities to the members of his family, his tenants or contract purchasers who reside on the Property whether on a permanent or transient basis.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to assessment shall be a Member of the Association, and agrees to be bound by the terms and conditions stated herein regarding said Association, including the payment of Annual Assessments or Charges and, if necessary, Special Assessments of the Association; provided that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member.

Membership shall be appurtenant to and may not be separated from Ownership of any Lot which is subject to assessment.

Section 2. Voting Rights. The Association shall have to (2) classes of voting Membership:

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than (1) vote be cast with respect to any Lot.

Class B. The Class B Members shall be the Declarant and his successors, other than individual purchasers, and the Declarant and his successors shall be entitled to twenty (20) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the Declarant has conveyed ninety percent (90%) of all of the Lots to the Owners other than Builders for resale; or
- (b) on January 1, 2010;
- (c) on a date sooner than (a) or (b) at Declarant's election.

ARTICLE IV COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) Annual Assessments or Charges, and (2) Special Assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The Annual and Special Assessments, together with interest, costs and reasonable attorneys' fees incurred in enforcing or collecting any assessment, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made with a date of priority on the day this Declaration is filed. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the joint and several personal obligation of the person(s) who was the Owner of such property at the time when assessment fell due. Their personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the following purposes:

- (a) to promote the recreation, health, safety and welfare of the residents in the Property;
- (b) for the improvement, maintenance and operation of the Common Area, including, but not limited to, the Road Easement Area, entry features, open spaces, buffer areas, walls and landscaping (including irrigation thereof) and lighting;
- (c) for the payment of the operating expenses of the Association;
- (d) for the payment of taxes, insurance, labor and equipment;
- (e) for the maintenance, repair or restoration of a Lot and the exterior of the buildings and any other improvements erected thereon, but only to the extent provided for herein;
- (f) for the repayment of funds and interest thereon that have been or may be borrowed by the Association for any of the purposes set forth herein;
- (g) to establish and fund reserve accounts which the Association may choose to establish with respect to the maintenance, operation and improvement of the Common Areas and all improvements and equipment located thereon;
- (h) doing any other things necessary or desirable in the judgment of the Association to keep the community neat and attractive or to preserve or enhance the value of the Property, or to eliminate fire, health or safety hazards; and
- (i) for the maintenance and repair of the Surface Water or Stormwater Management Systems, including but not limited to work within retention areas, drainage structures and drainage easements.

Section 3. Special Assessments for Capital Improvements and Other Purposes.

In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, Special Assessments applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto or for any of the purposes stated in this Article in Section 2 hereof, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose.

Section 4. Notice and Quorum for any Action Authorized Under Sections 2 and 3.

Written notice of any meeting called for the purpose of taking any action under Sections 2 and 3 above shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast a majority of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the

required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. A meeting may be adjourned or continued to a time and date certain without another notice.

Section 5. Uniform Rate of Assessment.

(a) **Annual and Special Assessments.** Both Annual and Special Assessments must be fixed at a uniform rate for all Lots, except that as long as there is Class "B" membership, the Declarant will have the following options with respect to the annual assessments:

(i) **Option (1):** The Declarant may pay the Annual Assessment at the rate of twenty-five percent (25%) of the rate fixed for Class "A" membership on all unoccupied Lots owned by the Declarant and in addition, pay the difference, if any, between the total annual operating expenses of the Association and the amount of the Annual Assessments required to be paid pursuant to this Article; or

(ii) **Option (2):** The Declarant may pay the full rate of Annual Assessment, at which time developer's obligation to pay the difference between expenses and Annual Assessments will cease.

The Declarant shall be bound to pay Annual Assessments in accordance with Option (1) above until such time as the Declarant gives written notice to the Association that Option (2) above will be the method of fixing assessments against the Declarant. So long as Option (1) above applies to the Declarant, the additional payment, if any, due to the Association shall be paid by them on a prorata basis based on the total number of Lots owned by them as of the date of any invoice from the Association requiring such additional payment.

(b) **Single Lot Special Assessments.** In addition to the Annual and Special Assessments authorized herein, the Association may levy in the manner hereinafter set forth a Single Lot Special Assessment applicable only to a specific Lot that has failed to meet its maintenance obligations set forth herein. In the event an Owner of any Lot in the Property shall fail to maintain his Lot and the exterior improvements situated thereon in accordance with the maintenance obligations set forth herein, then the Association, after approval of the Board of Directors and ten (10) days' written notice to the Owner, shall have the right, through its agents and employees, to enter upon said Lot and to repair, clear, trim, maintain and restore the Lot and the exterior of the buildings and any other exterior improvements erected thereon. Repeat violations of the same covenant(s) require only telephoning, fax or e-mail notice of 48 hours before the Association may act. The cost of such Lot clearing and exterior maintenance shall be added to and become part of the assessment to which such Lot is subject, which shall be due and payable ten (10) days from the date said assessment is made. Such Single Lot Special Assessment shall be treated as a Special Assessment and the Association shall have all rights and powers of collection as provided in the Article. The provisions of Sections 4 and 5(a) of this Article shall not be applicable to any Single Lot Special Assessments.

Section 6. Date of Commencement of Annual Assessments; Due Dates. The Annual Assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance or dedication of the Common Area to the Association; provided, however, that Declarant may elect to defer the commencement of the Annual Assessments, in which case the Declarant and the Owners shall be obligated to pay all expenses incurred by the Association during the period of deferment. Association expenses during any such deferment period shall be paid monthly by the Declarant on a prorata basis based on the total number of Lots owned by Declarant during each such monthly deferment period. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto. An invoice from the Association shall constitute satisfactory written notice. The due dates shall be established by the Board of Directors. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. An Owner may elect to pay his assessment monthly, but interest shall accrue at the rate of 14% on monthly accounts. Monthly accounts shall not require monthly billing, but billing necessitated by delinquency of more than ten (10) days shall be charged at \$5.00 per billing.

Section 7. Effect of Nonpayment of Assessments; Remedies of the Association. If any assessments are not paid on the date when due, then said assessments shall become delinquent and shall, together with such interest thereon and cost of collection thereon as hereinafter provided, thereupon become a continuing lien on the Lot, which shall bind such Lot in the hands of the then Owner, his heirs, devisees, personal representatives, and assigns. The personal obligations of the then Owner to pay such assessments, however, shall remain his personal obligation and shall not pass to his successors in title unless expressly assumed by them, however, the lien upon the Lot shall continue. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot and there shall be added to the amount of such assessment the interest above stated, the cost of the action, including reasonable attorneys' fees, whether or not judicial proceedings are involved, and including reasonable attorneys' fees and costs incurred on any appeal of a lower court decision.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage, except a purchase money mortgage given to a Seller, however, the sale or transfer of any Lot pursuant to such first mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien (but not the personal obligation) of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 9. Exempt Property. All property other than Lots shall be exempt from assessments, charges and liens created herein.

ARTICLE V ARCHITECTURAL CONTROL

Section 1. Review by Architectural Review Committee. No building or modification or addition thereto, fence, wall, pool, landscaping or other structure shall be commenced, constructed, erected or maintained upon any Lot, nor shall any exterior addition to or change or alteration therein be made to the Lot or Dwelling Unit unless and until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Review Committee.

Section 2. Procedure for Review. Any Owner needing the approval of the ARC shall deliver an application or request for action to the ARC by certified mail with return receipt requested or by hand delivery with signed receipt, together with two copies of the plans and specifications. As soon as reasonably possible, but not later than thirty (30) days after receipt, the ARC shall indicate its approval or disapproval of the matters required to be acted upon by them including, but not limited to, Initial Review and Final Review (as defined below), by a written instrument, and served personally or by mail upon the Owner and all interested parties, identifying the proposed building or structure and either stating approval or giving and making recommendations for changes to gain approval. In the event the ARC takes no action on the application or request within the thirty-day period, then the application or request shall be deemed to be approved.

Section 3. Specific Procedures for Approval of a Dwelling Unit. Prior to the construction of any Dwelling Unit, an Owner must submit a set of the following for the initial review (the "Initial Review") by the ARC: a clearing and grading plan, landscaping plan with existing tree survey, dimensioned site plan schematic, floor plans and elevations, and specifications, including exterior material and colors. The Initial Review is for the conceptual approval of the proposed Dwelling Unit. Following the Initial Review, the construction drawings must be submitted for approval at the final review (the "Final Review"). Final Review shall include clearing, grading and irrigation design. A set of the same information that was required for the Initial Review must be submitted for a Final Review, although in more detail. If major revisions have taken place subsequent to the Initial Review, another Initial Review submittal, prior to a Final Review, may be required by the ARC in its discretion. Prior to construction, a copy of the construction/building permit must be submitted to the ARC. Two site inspections may be performed by the ARC, one prior to site clearing and one prior to occupancy of the Dwelling Unit. Intermediate inspections may also be made to verify compliance with the approved construction drawings.

Section 4. Composition of Architectural Review Committee.

(a) The ARC shall have three (3) members who shall initially be appointed by the Declarant. The members appointed to the ARC do not need to be Owners. So long as the Declarant or

his successor owns a Lot in the property, the Declarant shall be entitled to appoint all members of the ARC and any successor members; provided, however, the Declarant shall at all times have the right to waive his rights to appoint the members of the ARC. The members of the ARC shall be appointed for staggered three (3) year terms; provided, however, the initial members of the ARC appointed by the Declarant shall serve at the pleasure of Declarant or his successor in interest. In the event of death, resignation, inability to serve, or other vacancy in office of any member of the ARC, the Declarant shall promptly appoint a successor member of the ARC who shall serve at the pleasure of the Declarant.

(b) After the end of the term during which the Declarant may appoint all the members of the ARC, a majority of the Owners of Lots on the Property shall have the right to appoint the members of the ARC as existing members' terms expire. The Owners shall so appoint the members of the ARC by ballot after written notice given by the then existing ARC that the Owners have the right to appoint future members. Failure by any Owner to vote on membership of the ARC shall not in any way effect the validity of the appointment of a member to the ARC. The ARC shall continue to have three (3) members, one with a term of one (1) year, one with a term of two (2) years and one with a term of three (3) years. Each year thereafter, the ARC shall provide a ten-day written notice to the Owners of the Lots on the Property of the need to elect a new ARC member upon the expiration of the term of a then existing ARC member. During that ten-day period, any Owner may, in writing, declare himself or herself or an officer of such owner as a candidate. No meeting shall be required for the initial appointment of members to the ARC by the Owners or for any subsequent election and the candidate receiving the largest number of votes shall be elected to serve for a three-year term. A written notice from the ARC to the Owners shall include a ballot and shall set forth a deadline for voting no sooner than fifteen (15) days from the date the notice is mailed to the Owners. There shall be only one (1) vote per Lot cast, regardless of the number of Owners of a particular Lot, and the Owners of a Lot shall designate among themselves who shall cast their vote. Failure to so select, or the casting of more than one (1) vote in a particular election for any given Lot shall eliminate the right of the Owners of a given Lot to vote in that election. All votes cast by Owners shall be kept for a minimum of three (3) years and shall be available for inspection upon demand made by any Owner.

Section 5. Powers. The Architectural Review Committee shall have the following duties and powers:

(a) To review and approve or disapprove all buildings, fences, walls, pools or other structures which shall be commenced, erected or maintained upon the Property, to approve any exterior additions to or changes or alterations therein. For any of the above, the ARC shall be furnished plans and specifications showing the nature, kind, shape, height, materials and location in relation to surrounding structures and topography;

(b) To review and approve or disapprove any such building plans and specifications, lot grading plans, landscaping plans, and other materials submitted pursuant to these covenants. The ARC may disapprove the proposed improvement if, in its sole discretion, the ARC

determines that the proposed improvement is inconsistent with the development plan formulated by the Declarant for the Property or lands contiguous thereto, is not harmonious with the neighborhood, is distasteful, or is aesthetically displeasing. Such decision of the ARC may be made upon purely aesthetic reasons;

(c) To require to be submitted to it for approval any samples of building materials proposed or any other data or information necessary to reach its decision.

Section 6. Exemption for Declarant. Notwithstanding anything contained herein, for as long as Declarant owns fee title to any Lot, this Article shall not apply to or bind Declarant.

ARTICLE VI GENERAL RESTRICTIONS

Section 1. General Restrictive Covenants. The general restrictive covenants contained in this Article shall apply uniformly to all Lots and Dwelling Units on the Property. All references in this Article to the Owner shall be deemed to include the invitees, guests, lessees, tenants and renters of the Owner unless the context clearly indicates otherwise.

Section 2. Residential Use Only. No Lot shall be used for any purpose except residential. No building shall be erected, altered, placed or permitted to remain on any Lot other than one single family, site built Dwelling Unit designed for residential use and private garages, and on lots fronting Lake Eustis and the canals connecting to Lake Eustis a dock and boathouse. No commercial or business activity of any type shall be conducted or carried on from any Lot or any structure on any Lot or any other part of the Property, except a home office use not requiring special external construction, invisible as an office from the exterior, not having clients who visit the home office, and which is first approved by ARC. Garage or estate sales are not allowed. The foregoing shall not prohibit the Declarant and/or Builders (with written permission from Declarant) from using Dwelling Units as models or offices, provided such use as models or offices is in furtherance of the construction and sale of Lots and Dwelling Units on the Property.

Section 3. Dwelling Unit Size. All Dwelling Units shall contain minimum square footages of climate controlled living area, exclusive of porches, garages, terraces, steps, etc., as follows:

Lots 1 thru 11 and 17 thru 27:	1500 s.f.
Lots 12 thru 16:	2000 s.f.

Section 4. Construction of Dwelling Units. Construction of each Dwelling Unit, including all required landscaping, shall commence within thirty-six (36) months from the date of the original Lot conveyance by the Declarant and shall diligently and continually proceed to a completion within twelve (12) months thereafter, unless a written extension is obtained by the Owner from the Declarant. In the event the Owner fails to comply with this requirement, the Declarant shall have an eighteen (18) month option period commencing on the first day of default

to repurchase the Lot at the original purchase price as may be set forth in the contract for sale and purchase.

Section 5. Builders. The Builder of any Dwelling Unit or any other structures or improvements to be located on the Property must be a State of Florida licensed residential builder and must be approved by the ARC.

Section 6. Garbage and Trash Storage Areas. All exterior garbage and trash storage areas, and air conditioner compressors, shall be screened by screening approved by the ARC so as not to be visible from any street and/or other Lots.

Section 7. Clotheslines. No clothesline or clothespole or other device or mechanism for the hanging of clothes shall be erected or installed upon the Property, except as may be permitted by law.

Section 8. Landscaping. In connection with the construction of the Dwelling Unit as required by Section 4 above, the Lot must be landscaped prior to the completion of construction and occupancy. Yards must be sodded with St. Augustine grass or its variation, or some other sod approved by Declarant. Partial sodding may be allowed by specific approval of Declarant. No trees greater than four inches (4") in diameter at breast height (four feet [4']) shall be cut or removed without the approval of the ARC. Each Lot must have an underground, automatic irrigation system. Landscape plans must be submitted and approved by the ARC.

Section 9. Garages. All single-family residential dwellings shall include a garage adequate to house at least two (2) but not more than four (4) large size American automobiles and shall include adequate space for storage. All Dwelling Units shall be constructed with concrete driveways only. Garage doors may NOT face the street or front entrance to the house, unless the Lot is too small to accommodate side entry and the front entry is approved by the ARC.

All garages shall include a door operated by an automatic door opener and a service door. Garage doors shall be constructed of a material that is similar in appearance to the exterior materials of the Dwelling Unit, and the color of the garage door shall be compatible with the color of the other exterior finishes of the Dwelling Unit. Garage doors, automatic door openers and service doors shall be maintained in a useful working condition and shall be kept closed, except when automobiles are entering or leaving the garage. No garage may be converted to an additional room or an apartment. No carports are permitted. Screening of garage doors is not allowed.

Section 10. Window Air Conditioners. No window air conditioning units or other heating or cooling devices shall be installed without prior written approval of the ARC.

Section 11. Reflective Substances. No aluminum foil or reflective substance shall be placed in or on any glass of a residence, except as may be approved by the ARC.

Section 12. No Fuel or Gas Storage Tanks. No above ground fuel or gas storage tanks shall be permitted, unless approved by ARC. However, an Owner may keep and maintain above

ground a small gas tank for gas barbecues without ARC approval. Storage tanks must be in the buildable area and screened from the street and other Lots.

Section 13. No Temporary Structures. Subject to the exceptions contained in this Article, no structure of a temporary character, such as but not limited to trailer, house trailer, mobile home, camper, tent, shack, barn, shed or other similar structure or vehicle shall be permitted on any Lots at any time, other than:

- (a) Cabanas appurtenant to a swimming pool and gazebos as approved by the ARC;
- (b) Tents or other temporary structures for use during social functions;
- (c) Temporary structures used by a Builder in connection with construction work.

Section 14. Setback Lines. Since the establishment of standard inflexible building setback lines for location of Dwelling Units on Lots tends to force construction of Dwelling Units directly to the side of other Dwelling Units with detrimental effects on privacy, preservation of important trees, and other desirable amenities, the following setback lines are established by this Declaration:

- (a) side yard setback must be a minimum of ten feet (10) and front yard setback must be a minimum of thirty feet (30); and
- (b) rear Lot line, lakefront and wetland line setback is a minimum fifty feet (50) for a Dwelling Unit or any other structure including a swimming pool and screen enclosures. The ARC shall have the right to control, in its sole and absolute discretion, the precise site and location of any Dwelling Unit and/or other related structures, including varying the setback requirements.

Section 15. Appearance and Maintenance. Each Lot, subsequent to its sale by the Declarant, shall be maintained in good appearance and free from overgrown weeds, dead trees, fallen tree limbs, untrimmed trees which create an unsafe or unsightly situation, and rubbish. In the event any Lot is not so maintained, the Developer or Association may enter upon said Lot for the purpose of cutting and removing such overgrown weeds, dead trees, fallen tree limbs, untrimmed trees which create an unsafe situation, and rubbish and the expense thereof shall be charged to and paid by the Owner of such Lot. If such charges are not paid by said Owner, the Association shall be entitled to all rights and remedies of collection set forth herein.

Section 16. Restrictions on Fences and Hedges. No lawn or landscaping or fence or hedge or tree or any other thing on any Lot shall be permitted to become overgrown or unsightly or inconsistent with the general physical characteristics of Lots within the Property in the sole and absolute judgment of the Association. The maximum height of a hedge or fence is four (4) feet and three (3) feet within 75 feet of the canal. In the event that any said conditions shall exist, the Developer or the Association, at its option, shall have the right to do any reasonable thing or things to alleviate and change the obnoxious condition, may assess the Owner of the Lot a reasonable sum

for any such remedial activity, and the Association shall not be deemed guilty of a trespass in such event. Any such charge levied but not paid shall entitle the Association to all rights and remedies of collection as set forth herein. No fence shall be allowed on Lots 12, 13, 14, 15 and 16.

Section 17. Offensive Activity. No noxious or offensive activity shall be carried on upon any Lot or within any Dwelling Unit thereon, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the Property. There shall not be maintained thereon or within any plants or animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other Lots, Dwelling Units or personal property in the neighborhood by the Owners thereof; and further, no cows, horses, cattle, goats, hogs, reptiles, poultry or other like animals or fowl shall be kept or raised on any Lot; provided, however, that nothing herein shall prevent the keeping of domestic pets and the words domestic pets shall mean and shall only mean dogs, cats, pet birds and fish. Domestic pets shall not be allowed in areas which are not fully enclosed by a fence, or Lots of other Owners or on the Common Areas, except when accompanied by a person and on a leash; provided, however, domestic pets shall be allowed in yard areas which are fully enclosed by a fence without a leash when accompanied by a person. Loud or persistent barking by dogs shall not be allowed.

Section 18. Animals.

(a) Birds, fish, cats, and dogs shall be permitted with a maximum of three (3) pets per Lot, other than fish and birds, and no more than two of them may be dogs. Each Owner shall be personally responsible for any damage caused to the Common Area by any such pet and shall be responsible to immediately remove and dispose of any excrement of such pet and shall be responsible to keep such pet on a leash. No other animals, livestock or poultry of any kind shall be raised, bred, or kept on any Lot within any Dwelling Unit or in or on the Common Area. Pit Bulldogs are specifically not allowed.

(b) The Owners of any Lot in which the above household pets become an annoyance or nuisance to the Property or adjacent or nearby Lots, shall take the necessary steps to negate such annoyance or nuisance immediately. In the event any dispute shall arise in reducing or negating said annoyance or nuisance, the Association shall be empowered, upon written petition of one or more of the affected Owners, to make final decisions or arbitrations on the matter.

Section 19. Restrictions on Certain Vehicles. No vehicles commonly known as "three-wheelers", "four-wheelers", "two-wheel dirt bikes", or "all-terrain vehicles" or any other form of this motorized transportation shall be operated within the Property.

Section 20. Restrictions on Trailers. No trucks greater than 3/4 ton pickups, campers, recreational vehicles, motorhomes, trailers or tractors shall be parked overnight on any Lot or street, and temporarily during daylight hours only by purveyors of goods or services to the Owners of the Lot. All vehicles, may be parked on a Lot if the same are enclosed in a garage. No boat or trailer may be parked on any Lot except in an enclosed garage.

Section 21. Signs. Signs of any kind or nature are not allowed in the yards of any Lot, except one real estate sign no more than four feet square, and shall not extend more than five feet above the ground and be in conformance with applicable laws and regulations, and one customary name and address sign, are allowed in the front yard only.

Section 22. Exterior Wall Surfaces. All exterior wall surfaces (front, sides, rear) of all Dwelling Units shall either be brick, stucco, wood or stone. No painted block and no false or imitation stone, brick, wood or rock siding may be used, except as accent areas as specifically approved by the ARC.

Section 23. Roofs. If roof shingles are used, they must be of architectural grade. Roof pitch is to be a minimum of 6-12. Flat roofs are not allowed as a major structural element. Steeper pitches are encouraged. Roofs should have a minimum overhang of one foot six inches (1'6") on the eave and twelve inches (12") on gable ends.

Section 24. Antennas; Dishes. No television antennas or reception dishes will be permitted, except for dishes less than eighteen inches (18") in diameter. The dish shall be placed in the rear of the home on the ground and be camouflaged (using acceptable screening, i.e., shrubbery, landscaping, etc.) to the greatest extent feasible so that no portion of the dish is visible from the passing roadway. No dishes shall be installed in the front yard if they can be placed in the rear yard and receive a good signal, and no dishes shall be installed on any rooftop, unless specifically approved by ARC.

Section 25. Fences. No chain link fence shall be placed on any Lot. Fencing which is inconsistent with the general characteristics of the Property shall not be permitted. Fencing must be approved by the ARC.

Section 26. Animal Housing. The location and materials of all animal housing shall be subject to approval by ARC. This includes dog houses, bird baths and pole mounted bird houses.

Section 27. Restrictions on Materials and Colors. Inappropriate use of materials and colors shall not be allowed. Examples of such inappropriate materials are concrete flowers, plastic materials, metal siding materials and simulated stone and brick. An example of inappropriate color is a bright color used for an entire wall surface or material. Approval by the ARC of all materials and colors is required.

Section 28. Windows and Pool Enclosures. Window and porch screening shall be white, bronze, charcoal or other approved color. Mill-finish aluminum shall not be allowed. Pool enclosures must tie in or match the building structure with a matching fascia, roofline and/or slope. Pool enclosures shall be shown on all plans, including roof plans, floor plans and elevations.

Section 29. Mailboxes. Owners shall provide, install and maintain all mailboxes and standards, brackets and name signs for such boxes at the Owner's sole cost and expense, in such location and of such size, color and design as approved by the ARC. Centralized mailboxes may be provided by the Post Office.

Section 30. Owner's Obligation to Rebuild. If all or any portion of a Dwelling Unit is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner thereof, with all due diligence, to rebuild, repair, or reconstruct such Dwelling Unit in a manner which will substantially restore it to its appearance and condition immediately prior to the casualty. Reconstruction shall be undertaken within two (2) months after the damage occurs, and shall be completed within six (6) months after the damage occurs, unless prevented by governmental authority.

Section 31. Restrictions on Construction. No person shall construct, damage or destroy, open, reduce, remove, alter, modify or install any thing or improvement within, over or upon any lake, canal, bank, slope or swale, even though on property they own, without first obtaining written approval of the plan from the ARC. No construction or excavation in the proximity of any lake, canal, bank, slope or swale shall be permitted which, in the opinion of the ARC, would impair the stability of the slopes in said area.

Section 32. Open Outside Storage. No stripped, unsightly, offensive, wrecked, junked or dismantled vehicles or portions thereof, no furniture or appliances designed for normal use or operation within (as distinguished from outside of) Dwelling Units, or any other debris or unsightly material, shall be parked, permitted, stored or located upon any Lot. No open outside storage on any Lot is permitted. No work on automobiles or other equipment is allowed in open spaces.

Section 33. Games and Play Structures. Fixed games or play structures shall be installed, maintained or used only in the rear of a Dwelling Unit and shall not be installed or located in such manner as to be exposed to view from any public or private street, unless approved by the ARC. Location of basketball backboards must also be approved by the ARC.

Section 34. Solar Systems. Solar hot water heating equipment and piping may be allowed, but only in accordance with the Design Guidelines and as approved by the ARC.

Section 35. Storage of Construction Materials. No lumber, brick, stone, cinder block, concrete or any other building materials, scaffolding, mechanical devices or any other thing used for building purposes shall be stored on any Lot, or on the Property, except for purposes of construction on such Lot, and they shall not be stored for longer than that length of time reasonably necessary for the construction in which same is to be used.

Section 36. Delivery and Construction Hours. No construction activities, other than work to be performed on the inside of a Dwelling Unit which is enclosed, and no delivery of construction materials shall be permitted between the hours of 8:00 p.m. and 7:00 a.m. of the following day. All construction debris shall be removed from the Property during the period of construction, and the utmost care shall be exercised during construction to insure safe working conditions. A dumpster shall be on site, on the Lot throughout construction. Portable toilets shall be placed behind the structure being constructed away from the street.

Section 37. Sale and Leasing. No Owner shall lease less than the entire Dwelling Unit; the lease shall not be for a period of less than six (6) months and the property shall not be leased more than twice in any calendar year.

Section 38. Boat Docks. Owners must obtain approval of all plans from the ARC to construct any dock, davit, ramp, outbuilding or any structure designed for the use of a boat or watercraft within a Lot in or on a canal or lake. When approval is obtained, Owner shall construct such dock or structure in accordance with the ARC approval. No boat ramps are allowed.

Section 39. Swimming Pools. Swimming pools may be constructed on any Lot in the rear yard away from the street. If swimming pools are protected by screens, such screens and their structures must be approved by the ARC. No above ground pools shall be allowed. All swimming pools constructed on any Lot shall be subject to the restrictions and conditions of the ARC.

Section 40. Building Restrictions. All building construction on the Property shall comply with the provisions of the ARC, and applicable building code regulations. No improvement or modification shall interfere with those easements or other rights set forth in this Declaration. Once a Dwelling Unit has been constructed and is completed, the Owner must obtain approval from the ARC to make subsequent changes to the Dwelling Unit, except for interior carpeting, wall covering and the like.

Section 41. Outside Lighting. Except as may be installed initially by the Declarant, no spotlights, floodlights or similar high intensity lighting shall be placed or utilized upon any Lot which in any way will shine directly on any other Lot or the improvements thereon or upon any Common Areas without the written authorization of the ARC. Other types of low intensity lighting which do not disturb the Owners or other occupants of the Property shall be allowed upon ARC approval.

Section 42. Soliciting. No soliciting shall be allowed at any time within the Property or upon any Lot or Dwelling Unit.

Section 43. Maintenance to Water. All Owners shall be required to maintain the yards down to the water of any water body which they abut as it recedes and rises from time to time.

Section 44. Enforcement. Any Owner of any Lot in the Property, and the Declarant, its successors and/or assigns, in addition to any other right or limitation herein before provided, shall have the right to prosecute a suit in law or equity against any person or persons violating or attempting to violate any of these covenants or restrictions, and may seek by such suit the prevention of a violation hereof or any other remedy available to him.

Section 45. Severability. These restrictions shall in all other respects be separate and independent and the invalidity of any one or more hereof shall in nowise impair validity of those remaining.

Section 46. Completion of Development and Dwelling Units. Nothing contained in this Declaration shall be interpreted or construed to prevent Declarant, his express successors or assigns, or the Declarant's contractors or subcontractors, from doing or performing, on all or any part of the Property owned or controlled by the Declarant, whatever the Declarant deems reasonably necessary in connection with completion of the development, including without limitation: (a) erecting, constructing and maintaining such structures as may be reasonably necessary for the conduct of the Declarant's business of completing the development and establishing the Property as a residential community and disposing of the same in Lots and Dwelling Units by sale, lease or otherwise; or (b) conducting thereon his or their business.

Section 47. Waiver of Violations of Covenants and Restrictions. When a building or other structure has been erected, its construction commenced and the building is located on any Lot in a manner so as to constitute a violation or violations of this Declaration, the Declarant shall have the right, but not the obligation, at any time to release the Lot, or portions of it, from any part of the covenants and restrictions as may be violated.

Section 48. Additional Rules and Regulations. The Association or Board of Directors may, from time to time, adopt rules and regulations relating to any one or all of the restrictive covenants contained in this Declaration. No Owner, its successors or assigns, tenants, lessees, renters, guests or invitees shall violate the rules and regulations adopted from time to time by the Association or by the Board of Directors, whether relating to the use of the Lots, the use of the Common Area, or otherwise.

**ARTICLE VII
COVENANTS AGAINST PARTITION AND
SEPARATE TRANSFER OF MEMBERSHIP RIGHTS**

Recognizing that the full use and enjoyment of any Lot is dependent upon the right to the use and enjoyment of the Common Area and the improvements made thereto, and that it is in the interest of all of the Owners that the right to the use and enjoyment of the Common Area is retained by the Owners of Lots, it is, therefore, declared that the right to the use and enjoyment of any Owner in the Common Area is appurtenant to the ownership of the Lot. In addition, there shall exist no right to transfer the right to the use and enjoyment of the Common Area in any manner other than as an appurtenance to and in the same transaction with, a transfer of title to a Lot. Any conveyance or transfer of a Lot shall include the right to use and enjoyment of the Common Area appurtenant to such Lot, subject to reasonable rules and regulations promulgated by the Declarant or the Association for such use and enjoyment, whether or not such rights shall have been described or referred to in the deed by which said Lot is conveyed.

ARTICLE VIII

LENDER'S RIGHTS

Section 1. Information. Upon written request, the Association shall make available for inspection during normal business hours by each Owner, and each lender, holder, insurer or guarantor of any first mortgage on a Lot, a current copy of this Declaration, the Articles of Incorporation and By-Laws of the Association, and the records, books and financial statements of the Association.

Section 2. Financial Statement. Upon written request, each holder of a first mortgage on a Lot shall be entitled to receive a financial statement of the Association for the immediately preceding fiscal year.

Section 3. Lender's Notices. Upon written request to the Association, identifying the name of the holder, insurer or guarantor and the Lot and address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

- (a) any condemnation or casualty loss that affects either a material portion of the Property or the Lots securing this mortgage;
- (b) any delinquency notice in the payment of assessments or charges owed by the Owner of any Lot on which it holds the mortgage;
- (c) a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; or
- (d) any proposed action that requires the consent of a specified percentage of mortgage holders.

ARTICLE IX GENERAL PROVISIONS

Section 1. Enforcement. The Association, the Declarant or each Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association, the Declarant or by any Owner to enforce any covenant or restriction herein contained shall be in no event deemed a waiver of the right to do so thereafter. If the Declarant or Association shall seek to enforce the provisions of this Declaration, then the Declarant or the Association, as the case may be, shall be entitled to collect its fees and costs, including reasonable attorneys' fees, whether incurred before trial, at trial or upon appeal. 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 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Binding Effect; Amendment by Owners.

(a) The covenants and restrictions of this Declaration shall run with and bind the land for a term of forty (40) years from the date this Declaration is recorded, and after which time they shall be automatically extended for successive periods of ten (10) years, unless two-thirds (2/3) of the lot owners file a written declaration in the public records of Lake County electing not to extend them.

(b) Subject to the provisions of Section 9 of this Article, this Declaration may be amended during the first forty (40) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by not less than two-thirds (2/3) of the Lot Owners. Notwithstanding the foregoing, any amendment to this Declaration which adversely affects any lender, holder, insurer or guarantor of any first mortgage on the Property as of the date of recording of this Declaration, shall not become effective unless joined in and consented to by such lender, holder, insurer or guarantor, if such first mortgage affects the Property on the effective date of any such amendment.

(c) All amendments hereto shall be recorded in the Public Records of Lake County, Florida, and shall not be valid until recorded.

Section 4. Amendment by Declarant.

(a) As long as there exists a Class B membership in the Association, the Declarant shall have the right to amend this Declaration to correct any omission or error.

(b) The amendment of this Declaration pursuant to this Section need be signed and acknowledged only by the Declarant. Any such amendment need not be approved or signed by any Member, the Association, Lot Owner, or any lienors or mortgagees of Lots, or by any other person, whether or not elsewhere required for an amendment to the Declaration.

(c) All amendments hereto shall be recorded in the Public Records of Lake County, Florida, and shall not be valid until recorded.

Section 5. Approval of St. Johns River Water Management District. Any amendment to this Declaration which alters the Surface Water or Stormwater Management System, beyond maintenance in its original condition, including the water management portions of the Common Area, must have the prior approval of the St. Johns River Water Management District.

Section 6. Encroachments. In the event that any Lot shall encroach upon any Common Area, Conservation Area or Dedicated Area, if any, or upon any other Lot for any reason other than the intentional or negligent act of the Owner, or in the event any Common Area shall encroach upon

any Lot, then an easement shall exist to the extent of that encroachment for as long as the encroachment shall exist.

Section 7. Notices. Any notice required to be sent to any Owner or the Association under the provisions of this Declaration shall be deemed to have been sent when hand delivered or mailed, postage prepaid, to the last known address of the person or persons who appear as the Owner of the Lot in the records of the Association at the time of such mailing.

Section 8. Assignment of Declarant's Rights and Obligations. Any and all rights, powers and reservations of the Declarant may be assigned, in whole or in part, to any person, corporation or association which will assume the rights and duties of the Declarant pertaining to the particular rights, powers and reservations assigned. Upon such assignee evidencing its consent in writing to accept such assignment and assuming such duties, the assignee shall, to the extent of such assignment, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by the Declarant herein. Further, the Declarant may from time to time delegate any and all of its rights, powers, discretion and duties hereunder to such agent or agents as it may nominate. The Declarant may designate as a Class B member of the Association an express successor or assign who acquires a Lot or Lots, provided that such designation shall be only as to those Lots acquired by such express successor or assign.

Section 9. Contracts. Prior to the termination or conversion of Class B membership, the Association shall not be bound, either directly or indirectly, to contracts or leases (including management contracts) unless the contract or lease contains a right of termination, without cause, which is exercisable without penalty at any time upon not more than ninety (90) days' notice to the other party.

Section 10. Annexation. Except as provided in elsewhere herein, additional residential property or Common Area may be annexed to the Property only with the consent of two-thirds (2/3) of each class of the Members.

Section 11. Waiver of Violations. Declarant, his express successor or assigns, reserves the right to waive any violations of the covenants contained in this Declaration, in the event Declarant shall determine, in his sole discretion, that such violations are minor or dictated by the peculiarities of a particular Lot configuration or topography.

Section 12. Liability of Lot Owners for Damages. Nothing in this Declaration shall be construed to impose absolute liability on the Owner of any Lot for damage or injury to the Common Areas or Lots and such Owners shall only be responsible for damage or injury caused by the negligent or intentional acts of the Owner.

Section 13. Paragraph Headings. Paragraph headings, where used herein, are inserted for convenience only and are not intended to be a part of this Declaration or in any way define, limit or describe the scope and intent of the particular paragraph to which they refer.

Section 14. Effective Date. This Declaration will become effective upon recordation of the same in the Public Records of Lake County, Florida.

Section 15. Constructive Notice and Acceptance. Every person or entity that owns or acquires any right, title or interest in or to any portion of the Property, or any portion thereof, is and shall be conclusively deemed to have consented and agreed to every covenant, condition and restriction contained herein, whether or not any reference to this Declaration is contained in the instrument by which such person or entity acquires such right, title or interest.

Section 16. Insurance.

(a) The Association shall keep (i) any buildings in the Common Area insured against loss by fire and the risks covered by a Standard All Risk of Loss Perils insurance policy under an extended coverage casualty policy in the amount of the maximum insurance replacement value thereof, and (ii) all personal property owned by the Association insured with coverage in the maximum insurable fair market value of such personal property as determined annually by an insurance carrier selected by the Association. Insurance proceeds for any improvements in the Common Area and any personal property owned by the Association shall be payable to the Association. In the event of any loss, damage or destruction, the Association shall cause the same to be replaced, repaired or rebuilt if it occurred in the Common Area. In the event the cost of such replacement, repair or rebuilding of any improvements on the Limited Common Area (i) exceeds the insurance proceeds available therefor, or (ii) no insurance proceeds are available therefor, the deficiency of full cost thereof shall be assessed to the Owners as a special assessment.

(b) The Association shall procure and keep in force public liability insurance in the name of the Association and the Owners against any liability for personal injury or property damage resulting from any one occurrence in or about the Limited Common Area, in an amount not less than ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00) for damage to one (1) or more persons in one (1) accident or event and not less than ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00) for damage to property in one (1) accident or event.

(c) Copies of all such insurance policies (or certificates thereof showing premiums thereon to have been paid) shall be retained by the Association and open for inspection by the Owners at any reasonable time. All such insurance policies shall (i) provide that they shall not be cancelable by the insurer without first giving at least ten (10) days prior notice in writing to the Association, and (ii) contain a waiver of subrogation by the insurer(s) against the Association, Board of Directors and Owners.

Section 17. Mortgaging of Common Areas. The Common Areas shall not be mortgaged or conveyed by the Association without the consent of at least two-thirds of each class of Members; provided, however, that if there has ceased to be any Class B Members, then the consent of at least two-thirds of the Class A Members, excluding the Declarant, shall be required.

Section 18. Additional Phase.

(a) Notwithstanding the provisions of any provision herein, the Declarant, in its sole and absolute discretion, may from time to time annex, add and subject Additional Land to the terms and conditions of this Declaration, as he deems appropriate, without the consent, joinder or approval of any Member, the Association, Owner, or any lienors or mortgagees of Lots, or any other person, whether or not elsewhere required for an amendment to this Declaration. In order to annex all or a portion of the Additional Land, the Declarant shall duly execute and record an Amendment to this Declaration in the Public Records of Lake County, Florida, setting forth the description of the Additional Land so annexed. Upon the recording of such an Amendment, the Additional Land so annexed shall be subject to the terms and conditions of this Declaration in the same manner as if subjected hereto at the time of recording of this Declaration and all Owners of the Lots so annexed shall be members of the Association. In the event the Class B Membership has not been terminated at the time of such annexation, Declarant in his sole and absolute discretion, may extend the date before which the Class B Membership would terminate by a period of time equal to the original period of time as set forth therein (i.e., ten (10) years). In the event the Class B Membership had previously been terminated, the annexation and addition of all or a portion of the Additional Land shall reestablish the Declarant's and Builder's Class B Membership and all rights, privileges and powers pertaining thereto.

(b) To the extent that the Declarant elects not to annex and subject to this Declaration all or a portion of the Additional Land, there is hereby reserved to the Declarant, his successors and assigns, a perpetual non-exclusive easement and license over the roadways, drainage easements, and retention ponds located on the Property for the use by the Declarant, his successors and assigns, in connection with the development of the Additional Land.

Section 19. Surface Water or Stormwater Management System.

(a) The surface water or stormwater management system, including the rear lot line swales, shall be maintained by the Association. "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 from the system, as permitted pursuant to Chapters 40C-4, 40C-40, or 40C-42, F.A.C.

(b) The Association shall be responsible for the maintenance, operation and repair of the surface water or stormwater management system. Maintenance of the surface water or stormwater management systems shall mean the exercise of practices which allow the systems to provide drainage, water storage, conveyance or other surface water or stormwater management capabilities as permitted by the St. Johns River Water Management District. The Association shall be responsible for such maintenance and operation. 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.

(c) Assessments shall also be used 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.

(d) The Association shall have a perpetual non-exclusive easement over all 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 any lot which is a part of the Vegetative Natural Buffer and has been set aside to provide treatment to lot runoff before discharge into waters of Lake Eustis as designated by the St. Johns River Water Management District. Existing native vegetation must not be disturbed; no dumping, land clearing or disturbance of any kind to native soil is permitted beyond warning signs.

(e) There shall be set aside a permanent upland buffer (“Buffer”) 15 feet wide, over that portion of the property shown on the plat as Vegetative Natural Buffer (or other description). This Buffer extends across all waterfront lots. The Buffer is part of the Surface Water Management System permitted by the St. Johns River Water Management District. The purpose of this Buffer is to detain and treat stormwater prior to drainage offsite; therefore, the area must be maintained with a dense vegetative cover. Filling and replacement of impervious surface (other than fenceposts) are prohibited within the Buffer. No alteration of the Buffer shall be authorized without prior written authorization from the District. Any damage to any Buffer, whether caused by natural or human induced phenomena, shall be repaired and the Buffer returned to its former condition as soon as possible by the Owner(s) of the Lot(s) upon which the Buffer is located.


(f) Each waterfront Lot owner will be provided with the following notice: “The Vegetative Natural Buffer has been set aside to provide treatment to lot runoff before discharge into wetlands as designated by the St. Johns River Water Management District. Existing native vegetation must not be disturbed; no dumping, land clearing or disturbance of any kind to native soil is permitted beyond warning signs.”

(g) The cost of such maintenance shall be divided equally between the Owners of all Lots and the cost thereof shall be deemed to be a lien against the property. In the event the cost of maintenance is not paid by any Lot Owner within 20 days after the same is billed by mail by the Association, then the Association shall have the right to foreclose such lien in the same manner as the foreclosure of a mortgage in the State of Florida, and shall be entitled to collect in addition to the actual cost any court costs and a reasonable attorney's fee for enforcing such lien. The lien created hereby shall be inferior to any bona fide mortgage in favor of any bank, savings and loan association, building and loan association, insurance company, or other licensed lender or financial institution. The estimated cost may be billed 6 months in advance by the Association; i.e., one bill for estimated 6 months service.

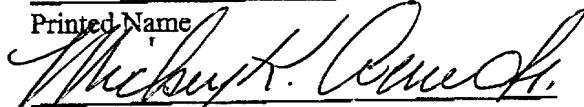
Section 20. Recreational Amenities. In connection with the development, the Declarant has the right, but not the obligation to construct certain recreational amenities including, but not limited to, swimming pools, tennis courts, racquetball courts, and/or other recreation facilities and related improvements thereto.

IN WITNESS WHEREOF, Paul M. Buchanan, Individually and as Trustee, has executed these presents the day and year first above written.


Signed, sealed and delivered
in the presence of:


Signature of Witness

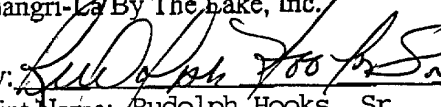
SUSAN DAVIS
Printed Name


Signature of Witness

Mickey K. ACREE SR.
Printed Name


Paul M. Buchanan, Individually
and as Trustee

Shangri-La By The Lake, Inc.

By: 
Print Name: Rudolph Hooks, Sr.
Its: President

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STATE OF FLORIDA
COUNTY OF

The foregoing instrument was acknowledged before me this 27th day of August, 2004, by Ludolph Hooks, Sr. the President of Shangri-La By The Lake, Inc., a Florida corporation, who is personally known to me, or who _____ produced _____ as identification.

Lisa A. Barton

Signature of Notary Public
Lisa A. Barton

Printed Name of Notary Public
My Commission Expires: April 22 2008
Serial/Commission Number: DD298553



Lisa A. Barton
Commission # DD298553
Expires April 22, 2008
Bonded Troy Fan - Insurance, Inc. 800-385-7019

STATE OF FLORIDA
COUNTY OF

The foregoing instrument was acknowledged before me this 30th day of August, 2004, by Paul M. Buchanan, Individually and as Trustee, who is personally known to me, or who _____ produced _____ as identification.

Alice M. Rivers

Signature of Notary Public
Alice M. Rivers

Printed Name of Notary Public
My Commission Expires: 8-15-07
Serial/Commission Number: DD231233



ALICE M. RIVERS
MY COMMISSION # DD 231233
EXPIRES: August 15, 2007
Bonded Thru Budget Notary Services

Alicer\Lk Eustis\Eagle Point Covenants & Restrictions/August 27, 2004

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Exhibit "A"

That part of Government Lot 9 and Government Lot 13, Section 6, Township 19 South, Range 26 East AND that part of Government Lot 1, Section 7, Township 19 South, Range 26 East, Lake County, Florida, bounded and described as follows:

Begin at the Southwest corner of Government Lot 9, Section 6, Township 19 South, Range 26 East, same being the Northwest corner of Government Lot 1, Section 7, Township 19 South, Range 26 East, Lake County, Florida, and run N00°59'11"E, said bearing being related to the Florida Grid System East Zone, along the West boundary of said Government Lot 9, a distance of 50.00 feet; thence S89°30'37"E 104.91 feet; thence N00°59'54"E 25.00 feet; thence S89°30'37"E 35.00 feet; thence N00°59'54"E 1105.73 feet to intersect the westerly extension of the North line of the right of way of Forest Lake Road, as shown on the Plat of SHANGRI-LA SHORES SUBDIVISION PHASE I, according to the plat thereof as recorded in Plat Book 41, Pages 57, 58 and 59, Public Records of Lake County, Florida; thence S89°29'34"E 121.46 feet to the southwest corner of Lot 18 of said SHANGRI-LA SHORES SUBDIVISION PHASE I; thence S00°59'46"W along the boundary of said subdivision 66.00 feet to the North line of Lot 19 of said subdivision; thence along the boundary line of said Lot 19 N89°29'34"W 25.72 feet to the beginning of a curve, concave Southeast and having a radius of 30.00 feet; thence southwesterly along the arc of said curve through a central angle of 89°30'32" a distance of 46.87 feet to a point of tangency on the West line of said Lot 19; thence S00°59'54"W along the West line of said Lot 19 and the Southerly extension thereof a distance of 1034.97 feet; thence S89°30'37"E 304.00 feet; thence N00°59'54"E 275.91 feet to the centerline of the canal easement described in OR book 411, page 995; thence S89°29'26"E along said centerline, 1772.41 feet to the waters of Lake Eustis and a point hereby designated Point "A"; Begin again at the point of beginning and run S01°06'15"W 140.00 feet along the West line of Government Lot 1, Section 7, Township 19 South, Range 26 East; thence S89°30'37"E 50.00 feet; thence S01°06'15"W 78.00 feet; thence S89°30'37"E 89.89 feet; thence N01°06'15"E 78.00 feet; thence S89°30'37"E 94.43 feet; thence S74°45'22"E 157.89 feet into and along the centerline of an existing canal; thence along the centerline of said canal N76°42'33"E 209.29 feet; thence S86°40'12"E 208.25 feet; thence S76°58'02"E 117.97 feet; thence N87°17'52"E 318.88 feet; thence S89°03'05"E 272.31 feet to the waters of Lake Eustis; thence Northeasterly along and with the waters of Lake Eustis to the aforementioned Point "A" and the end of the description.

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**ARTICLES OF INCORPORATION
OF
ASSOCIATION OF HOMEOWNERS AT EAGLE POINT, INC.**

(A Florida Corporation Not for Profit)

ARTICLE 1.

Name

The name of this corporation is Association of Homeowners at Eagle Point, Inc. (hereinafter called the "Corporation").

ARTICLE 2.

Principal Place of Business and Mailing Address

The address of the principal office of the Corporation shall be 129 Lake Shore Drive, Leesburg, Florida 34748.

ARTICLE 3.

Duration

The period of duration of the Corporation is perpetual unless dissolved according to law.

ARTICLE 4.

Purpose

The specific primary purposes for which the Association is organized are to provide for maintenance and preservation of the lots and common areas within a certain tract of real estate known as Eagle Point, and to promote the health, safety and welfare of the residents within the above-described development and such additions thereto as may hereafter be brought within the jurisdiction of the Association for such purposes.

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ARTICLE 5.

Powers

The Corporation shall have the power to acquire, own, maintain and use its assets for the purposes for which it is organized; to raise funds by any legal means for the encouragement of its purposes; to acquire, hold, own, use and dispose of real or personal property in connection with the purposes of the Corporation; and to exercise all powers necessary or convenient to the furtherance of the purposes for which the Corporation is organized; and to exercise all powers granted to a corporation not for profit under Florida law. In addition to the powers specified, the Corporation shall have the additional powers specified in its Bylaws.

ARTICLE 6.

Management

Management of the Corporation shall be vested in the Corporation's Board of Directors. The number and method of election of the directors of the Corporation who shall serve following the terms of the initial directors of the Corporation shall be as stated in the bylaws.

ARTICLE 7.

Initial Board of Directors

The number constituting the initial Board of Directors of the Corporation is three (3). The name and address of the persons who shall serve as the initial Directors of the Corporation is as follows:

- | | |
|----------------------|--|
| Paul M. Buchanan | 129 Lake Shore Drive
Leesburg, Florida 34748 |
| R. Dewey Burnsed | 976 Del Mar Drive
The Villages, Florida 32159 |
| Walter S. McLin, III | 1000 West Main Street
Leesburg, Florida 34748 |

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ARTICLE 8.

Members

The Corporation shall have one or more classes of members. The qualifications for membership in the Corporation, the method of selecting and admitting members to the Corporation

and the rights and responsibilities of members shall be as set forth in the Bylaws.

ARTICLE 9.

Disposition of Assets upon Dissolution

Upon dissolution of the Corporation, any assets remaining after the payment of its debts shall be disposed of by transfer to one or more organizations that are described in Section 501(c)(3) and in Section 509(a)(1), (2) or (3) of the Code, or corresponding sections of any future Federal tax code, to be used for one or more of the purposes of the Corporation, or to the State of Florida or any political subdivision or agency thereof to be used for exclusively public purposes, in such proportions as the Board of Directors of the Corporation shall determine. Any such assets not so disposed of shall be disposed of by a Florida court of competent jurisdiction of the county in which the principal office of the Corporation is then located, exclusively for public purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE 10.

Restrictions

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 4 hereof.

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office.

Notwithstanding any other provision of these Articles of Incorporation, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Code, or corresponding section of any future Federal tax code, or (b) by a corporation, contributions to which are deductible under Sections 170(c)(2), 2055, 2106(a)(2) and 2522 of the Code, or corresponding sections of any future Federal tax code.

In the events that the Corporation shall be considered to be a private foundation, as such term is defined in Section 509(a) of the Code, or corresponding section of any future Federal tax code, then in that event, the Corporation:

- A. shall distribute its income for each tax year at such time and in such manner as not

to become subject to the tax on undistributed income imposed by Section 4942 of the Code, or corresponding section of any future Federal tax code; and

- B. shall not (i) engage in any act of self-dealing as defined in Section 4941(d) of the Code, or corresponding section of any future Federal tax code; (ii) retain any excess business holdings as defined in Section 4943(c) of the Code, or corresponding section of any future Federal tax code; (iii) make any investments in such manner as to subject it to tax under Section 4944 of the Code, or corresponding section of any future Federal tax code; or (iv) make any taxable expenditure as defined in Section 4945(d) of the Code, or corresponding section of any future Federal tax code.

ARTICLE 11.

Indemnification of Directors

The Corporation shall indemnify and advance expenses to, and may purchase and maintain insurance on behalf of, its officers and directors to the fullest extent permitted by law as now or hereafter in effect. Without limiting the generality of the foregoing, the Bylaws may provide for indemnification and advancement of expenses to officers, directors, employees and agents on such terms and conditions as the Board may deem appropriate or advisable from time to time.

ARTICLE 12.

Bylaws

The Bylaws of the Corporation may be amended, altered, or repealed and new Bylaws may be adopted only by the affirmative vote of a two-thirds (2/3) of the then members of the Board of Directors. The Bylaws may contain any provisions for the regulation and management of the affairs of the Corporation not inconsistent with law or with these Articles of Incorporation.

ARTICLE 13.

Amendment

These Articles of Incorporation shall be amended only by the affirmative vote of the Members of the Corporation.

ARTICLE 14.

Registered Office/Registered Agent

The street address of the Corporation's initial registered office in the State of Florida is 976

Del Mar Drive, The Villages, Florida 32159, and the name of its initial registered agent at such office is: R. Dewey Burnsed.

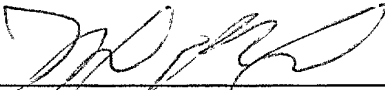
ARTICLE 15.

Incorporator

The name and address of the sole incorporator is: R. Dewey Burnsed (hereinafter called the "Incorporator").

IN WITNESS WHEREOF, the undersigned, being the Incorporator for the purpose of forming a Corporation pursuant to the Florida Not For Profit Corporation Act, Chapter 617, Florida

Statutes, as amended, has signed these Articles of Incorporation on this 10th day of May, 2004.



R. Dewey Burnsed, Incorporator

ACCEPTANCE BY REGISTERED AGENT:

I AM FAMILIAR WITH AND ACCEPT THE DUTIES AND RESPONSIBILITIES AS REGISTERED AGENT FOR SAID CORPORATION.



R. Dewey Burnsed, Registered Agent

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State of Florida



Department of State

I certify from the records of this office that ASSOCIATION OF HOMEOWNERS AT EAGLE POINT, INC. is a corporation organized under the laws of the State of Florida, filed on May 21, 2004.

The document number of this corporation is N04000005114.

I further certify that said corporation has paid all fees due this office through December 31, 2004, and its status is active.

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

I further certify that this is an electronically transmitted certificate authorized by section 15.16, Florida Statutes, and authenticated by the code, 804A00036028-052404-N04000005114-1/1, noted below.

Authentication Code: 804A00036028-052404-N04000005114-1/1

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Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Twenty-fourth day of May, 2004



Glenda E. Hood

Glenda E. Hood
Secretary of State

Exhibit "C"

BYLAWS OF
ASSOCIATION OF HOMEOWNERS AT EAGLE POINT, INC.
A NONPROFIT CORPORATION

ARTICLE I. NAME AND LOCATION

The name of the corporation is ASSOCIATION OF HOMEOWNERS AT EAGLE POINT, INC. Meetings of members and directors may be held at such places within the State of Florida as may be designated by the board of directors.

ARTICLE II. DEFINITIONS

Section 1. "Association" shall mean and refer to the corporation, its successors and assigns.

Section 2. "Common area" shall mean all real property owned by the Association for the common use and enjoyment of the owners, shown on the recorded subdivision plat as _____, said plat being recorded in Plat Book ___, Page ___, public records of Lake County, Florida (if any), together with additions acquired from time to time, if any.

Section 3. "Declarant" shall mean and refer to Paul M. Buchanan, Individually and as Trustee, and Shangri-La By The Lake, Inc.

Section 4. "Declaration" shall mean and refer to the Declaration of Restrictions applicable to the subdivision.

Section 5. "Lot" shall mean and refer to any unit of land shown on the recorded subdivision plat and designated by a lot number.

Section 6. "Member" shall mean and refer to every person or entity who holds membership in the Association as provided in the Declaration.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the subdivision, including contract sellers, but excluding those holding title merely as security for the performance of an obligation. Every "owner" shall be a "member".

Section 8. "Subdivision" shall mean and refer to that certain tract of real property described in the declaration, and such additions thereto as may be brought within the jurisdiction of the Association pursuant to the provisions of the Declaration.

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ARTICLE III. MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of members shall be held within one (1) year from the date of incorporation of the association, or not later than thirty (30) days after one hundred percent (100%) of the lots have been sold, whichever first occurs. Subsequent annual meetings of members shall be held on the same day of the same month of each year thereafter. If the day for the annual meeting of members is a legal holiday, the meeting will be held on the next following day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of members may be called at any time by the president or by the board of directors, or on written request of members who are entitled to vote one-half of all votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of members shall be given by, or at the direction of, the secretary or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10), but not more than fifty (50) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of receiving notice. Such notice shall specify the day, hour, and place of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting, in person or by proxy, of members entitled to cast a majority of the votes shall constitute a quorum for authorization of any action, except as may otherwise be provided in the declaration, the articles of incorporation, or these Bylaws. If a quorum is not present at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Proxies shall be revocable, and the proxy of any owner shall automatically terminate on conveyance by him of his lot.

ARTICLE IV. BOARD OF DIRECTORS - TERM OF OFFICE: FIRST ELECTION: REMOVAL

Section 1. Number. The affairs of the Association shall be managed by a board of three (3) directors who shall be members of the Association.

Section 2. Term of Office. At the first annual meeting, the members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and one (1) director for a term of three (3) years; at each annual meeting thereafter, the members shall elect one (1) director for a term of three years.

Section 3. Removal. Any director may be removed from the board, with or without cause, by a majority vote of the members of the association. In the event of death, resignation, or removal of a director, his successor shall be selected by the remaining members of the board and shall serve until the next election at which time his office will be filled by election for the unexpired term.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V. BOARD OF DIRECTORS - NOMINATION AND ELECTION

Section 1. Nomination. Nomination for election to the board of directors shall be by nominating committee. However, nominations may also be made from the floor at any annual meeting of members. The nominating committee shall consist of a chairman who shall be a member of the board of directors and two or more members of the Association. The committee shall be appointed by the board of directors prior to each annual meeting to serve from the close of such meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the board of directors as it shall in its discretion determine, but in no event shall it nominate less than the number of vacancies to be filled.

Section 2. Election. Election to the board of directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the declaration. Persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI. BOARD OF DIRECTORS - MEETINGS

Section 1. Regular Meetings. Regular meetings of the board of directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the board. In the event the regular

date for a meeting falls on a legal holiday, such meeting shall be held at the same time on the next following day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the board of directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the directors shall constitute a quorum or the transaction of business. Every act performed or decision made by a majority of directors present at a duly held meeting in which a quorum is present shall constitute the act or decision of the board.

ARTICLE VII. BOARD OF DIRECTORS - POWER AND DUTIES

Section 1. Powers. The board of directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the common areas and facilities, including the personal conduct of the members and their guests thereon; and to establish penalties for infractions of such rules and regulations;

(b) Suspend the voting rights and right to use of the recreational facilities (if any) of any member during any period in which such member is in default in the payment of any assessment levied by the association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days or infraction of published rules and regulations;

(c) Exercise on behalf of the association all powers, duties, and authority vested in or delegated to the association and not specifically reserved to the membership by the declaration, articles of incorporation, or by other provisions of these Bylaws;

(d) Declare the office of a member of the board of directors to be vacant in the event that such member is absent from three (3) consecutive regular meetings of the board of directors; and

(e) Employ a manager, independent contractors, and such other employees as they may deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the board of directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at each annual meeting, or at any special meeting at which such a statement is requested in writing by one-fourth of the members entitled to vote thereat;

(b) Supervise all officers, agents, and employees of the association and see to it that their duties are properly performed;

(c) As provided in the declaration, to:

(1) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date, or to bring an action at law against the owner personally obligated to pay the same.

(d) Issue, or cause an appropriate officer to issue, on demand by any person, a certificate setting forth whether or not any assessment has been paid. A statement in a certificate to the effect that an assessment has been paid shall constitute conclusive evidence of such payment. The board may impose a reasonable charge for the issuance of these certificates;

(e) Procure and maintain adequate liability and hazard insurance on all property owned by the association;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) Cause the common area to be maintained; and

(h) Perform all duties required by the restrictive covenants.

ARTICLE VIII. OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the association shall be a president and vice-president, who shall at all times be members of the board of directors, and a secretary-treasurer, and such other officers as the board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the board of directors following each annual meeting of members.

Section 3. Term. The officers of the association shall be elected annually by the board. Each shall hold office for a term of one (1) year unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The board may elect such other officers as the affairs in the association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office by the board at any time with or without cause. Any officer may resign at any time by giving written notice to the board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment of the board. The officer appointed to such vacancy shall serve for the unexpired term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer shall be held by the same person. No person shall simultaneously hold more than one of any of the other offices.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The president shall preside at all meetings of the board of directors; shall see that orders and resolutions of the board are carried out; shall sign all leases, mortgages, deeds, and other instruments, and shall cosign all checks and promissory notes.

(b) Vice-President. The vice-president shall act in the place of the president in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the board.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the board and of the members; keep the corporate seal of the association and affix it to all papers so requiring; keep appropriate current records showing the members of the association together with their addresses; and perform such other duties as may be required by the board or by law.

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all funds of the association, and shall disburse such funds as directed by resolution of the board of directors; shall sign all checks and promissory notes of the association; shall keep proper books of account; and shall prepare an annual budget and statement of income and expenditures, a copy of which documents shall be delivered to each member, and a report on which shall be given at the regular annual meeting of members.

ARTICLE IX. COMMITTEES

The association may appoint an architectural committee, as provided in the declaration, and a nominating committee as provided in Article V of these Bylaws. In addition, the board of directors may appoint such other committees as it may deem appropriate in the performance of its duties.

ARTICLE X. ASSESSMENTS

Each members is obligated to pay to the association annual and special assessments which are secured by a continuing lien on the property against which such assessments are made. Any assessments not paid when due are considered delinquent. If an assessment is not paid within thirty (30) days after the due date, the assessment bears interest from the date of delinquency at the rate of twelve percent (12%) per annum, and the association may bring an action at law against he owner personally obligated to pay the same, or may foeclose the lien against his property. Interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of any assessment due. No owner may waive or otherwise escape liability for assessments by nonuse of any common area or abandonment of his lot.

ARTICLE XI. BOOKS AND RECORDS; INSPECTION

The books, records, and papers of the association shall be subject to inspection by any member during ordinary business hours. The declaration, articles of incorporation, and bylaws of the association shall be available for inspection by any member at the principal office of the association, where copies shall be made available for sale at a reasonable price.

ARTICLE XII. CORPORATE SEAL

The association shall have a seal in circular form having within its circumference the words: Association of Homeowners at Eagle Point, Inc.

ARTICLE XIII. FISCAL YEAR

The fiscal year of the association shall be the calendar year, except that the first fiscal period shall begin on the date of incorporation and shall end on December 31st of the year of incorporation.

ARTICLE XIV. ARCHITECTURAL CONTROL

Section 1. Creation of Architectural Committee. The board of directors of the association shall appoint a committee to be known as the architectural committee if the need for it arises, as provided in the Declaration of

Restrictions. Such committee shall consist of three or more members of the association who shall serve at the pleasure of the board.

ARTICLE XV. AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of members, by vote of a majority of a quorum of members present in person or by proxy.

ARTICLE XVI. CONFLICTS

In the case of any conflict between the articles of incorporation and these Bylaws, the articles shall control; in the case of any conflict between the declaration and these Bylaws, the declaration shall control.

alicee lkeustus eagle point bylaws