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VERIFIED BY:

K/H D.C.

August 2, 2000

SECOND

AMENDED AND RESTATED DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

KNOW ALL MEN BY THESE PRESENTS, that:

GROS VENTRE ENTERPRISES, INC., a Florida corporation (hereinafter called "Original Developer"), was originally and at the time of execution and recordation thereof, the Owner of all of the land shown on the plat of Pritchard Island, according to the plat thereof, as recorded among the current public records of Citrus County, Florida in Plat Book 12, Page 150, and Plat Book 13, Pages 1 and 2; and

WHEREAS, subsequent to the recording of the aforesaid Plat, Original Developer executed, delivered, and recorded that certain Declaration Of Covenants, Conditions And Restrictions as recorded among the current public records of Citrus County, Florida in Official Records 687, Page 0929 (hereinafter called the "Original Declaration"); and

WHEREAS, Pritchard Island Properties, Inc. "Properties" has now succeeded to the rights of the Original Developer under the Original Declaration and to AmSouth Bank of Florida (AmSouth); and

WHEREAS, AmSouth and Pritchard Island Homeowner's Association, Inc. "PIHA" on February 10, 1994 executed an Amended and Restated Declaration of Covenants and Restrictions recorded in O.R. Book 1025, Page 1998, public records of Citrus County, Florida; and

WHEREAS, Properties and together with the Association wish to amend and restate the Amended and Restated Declaration of Covenants, Condition and Restrictions so as to carry out the final development of the Original Development and the Additional Land; and,

WHEREAS, the Original Declaration provides in §§13.2.2.2 and 13.4 thereof, that the Original Declaration may be amended provided certain requirements are met; and

WHEREAS, such requirements have been met and Properties and the Association by their execution and delivery hereof, hereby certify as to such; and

WHEREAS, Properties and the Association wish to amend and restate the Original Declaration in its entirety so as to place certain restrictions and other obligations upon the use of all of the Land and are desirous that said restrictions and other obligations shall run with the title to the Land hereby restricted;

NOW, THEREFORE, for and in consideration of the premises and for other good and valuable considerations, it is hereby declared that all of the Land shall be held, sold and conveyed subject to the following easements, covenants, conditions and restrictions, which shall constitute covenants running with the Land and the

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owner of any parcel or tract of Land or any part or portion thereof shall be deemed by the acquisition thereof to have agreed to all such restrictions and other rights and obligations and to have covenanted to abide by each such covenant, condition and obligation. Each covenant, condition and obligation set forth herein shall be binding upon all parties having any right, title or interest in the Land or any part thereof, their heirs, successors, and assigns and shall inure to the benefit of each owner thereof.

1. DEFINITIONS

1.01. Additional Land - Additional Land shall mean and refer to that parcel of property which is labeled "Additional Land", on Exhibit "B" attached hereto. Said Additional Land lies North of Pritchard Island Road and South of Gospel Island Road. A description of the Additional Land that will be subject to the terms and conditions of this Declaration where applicable is attached hereto as Exhibit "C".

1.1. AmSouth - shall mean and refer to AmSouth Bank Of Florida, Successor By Merger To Mid-State Federal Savings Bank, a corporation existing under the laws of the United States Of America, f/k/a MidState Federal Savings And Loan Association, together with its successors, grantees and assigns.

1.2. Articles - shall mean and refer to the Certificate of incorporation of the Association, as same may be amended from time to time.

1.3. Association - shall mean and refer to Pritchard Island Homeowner's Association, Inc., ("PIHA") a Florida non-profit corporation, together with its successors and assigns.

1.4. Board or Board of Directors - shall mean and refer to the Board of Directors of the Association.

1.5. Building - shall mean and refer to the multi-unit Buildings within which several Original Units are located, all as depicted on the Plat. A Building shall also relate to any structure which is constructed of New Units that are attached and structurally dependent upon one another.

1.6. By-Laws - shall mean and refer to the By-Laws of the Association, as same may be amended from time to time.

1.7. Common Areas - shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area is shown on the attached Exhibit "B" and labeled "Common Area". A Legal description of the Common Area is described on attached Exhibit "B-1".

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1.8. Construction Mortgagee - shall mean and refer to any Institutional Mortgagee making a loan for construction of any Unit.

1.9. Covenants - shall mean and refer to the covenants, restrictions, easements, affirmative obligations, charges, and liens created and imposed by this Declaration.

1.10. Declaration - shall mean and refer to this Declaration together with any and all supplements or amendments thereto, if any.

1.11. Development - shall mean and refer to Pritchard Island, which is the name assigned to the overall project which has been or will be built on the Land described on the attached Exhibit "A"

1.11.1. Developer - Shall mean and refer to the Pritchard Island Properties, Inc., a Florida Corporation.

1.11.2. Home - A single family residence situated on an interior parcel of the Development on "Additional Land" as later defined herein.

1.12. Institutional Mortgagee - shall mean and refer to the owner and holder of a mortgage encumbering a Unit which owner and holder of said mortgage shall be either a bank, life insurance company, federal or state savings and loan association, real estate or mortgage investment trust, federal or state agency.

1.13. Land - shall mean and refer to all of the Lands and improvements included within the Plat, or any supplements or amendments thereto.

1.14. Lot - shall mean and refer to each of the dwelling areas or parcels of Land which are shown as the 112 parcels on the Plat. Said Lots will be conveyed by separate deed to an Owner and constitute an integral unit of the Land suitable for use as a single family dwelling. There are 112 Lots shown on the Plat, fifty-six (56) of which have Original Units thereon, and the remaining fifty-six (56) may be developed as provided herein with New Units.

1.15. Maintenance - shall mean and refer to the exercise of reasonable care to keep buildings, roads, landscaping, lighting and other related improvements and fixtures of the Development in a condition comparable to their original condition, normal wear and tear excepted. Maintenance of landscaping shall further mean the exercise of generally accepted garden-management necessary to promote a healthy, practices weed-free environment for optimum plant growth.

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1.16. Member - shall mean and refer to every person or entity who holds membership in the Association.

1.16.1. New Common Areas - Shall mean that common area comprised of the platted common area surrounding the building A, and buildings I through and including building N.

1.16.2. New Unit - A single family residence situated on one or more Lots within the Development on the remaining fifty-six (56) undeveloped Lots and would have been Buildings A, and I through N on the Plats more particularly shown on the Plat as later defined herein.

1.16.3. Original Common Areas - Shall mean that common area shown on attached Exhibit B and described in Exhibit B-1 attached to the original Covenants, Conditions and Restrictions.

1.16.4. Original Unit - A single family residence situated on the original fifty-six (56) lots in the Development and being part of the buildings B through and including building H as set forth on the Plat as later defined herein.

1.17. Original Developer - shall mean and refer to Gros Ventre Enterprises, Inc., a Florida corporation.

1.18. Owner - shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Unit which is part of the Development, including Properties, and shall include contract sellers; but shall not include those holding title merely as security for the performance of an obligation.

1.19. Plat - shall mean and refer to that certain plat of Pritchard Island, according to the plat thereof recorded among the current public records of Citrus County, Florida, in Plat Book 12, Page 150, and Plat Book 13, Pages 1 and 2, and as partially replatted by Replat Of Pritchard Island Building "B", as recorded among the current public records of Citrus County, Florida in Plat Book 15 Pages 108-111 together with any supplements or amendments thereto.

1.20. Regulations - shall mean and refer to any rules and regulations respecting the use of the Land that have been adopted by the Association from time to time in accordance with the Articles and By-Laws.

1.20.1. Sub-Association - There is created a sub-association within the PIHA, comprised of all of the owners of New Units. The Sub-Association shall be a Florida not-for-profit corporation. The Sub-Association shall be comprised of the President of the PIHA or his/her designee and two owners of New Units. The sole purpose of

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the Sub-Association shall be to provide an entity to maintain and insure the New Unit Common Areas and to collect assessments for the same.

1.21. Unit - shall mean and refer to a single family residence comprised of either an Original Unit or a New Unit as defined herein. The word "Unit" may, when the context requires, be used interchangeably herein with the word "Lot" when the Lot, as shown on the Plat, is vacant.

2. ASSOCIATION

In order to provide for the efficient and effective administration of this Declaration, a non-profit corporation known and designated as Pritchard Island Homeowner's Association, Inc., has been organized under the laws of the State of Florida; and the Association shall administer the operation and management of the Development and undertake and perform all acts and duties incident thereto in accordance with the terms, provisions, and conditions of the Declaration, the By-laws and the Rules And Regulations promulgated by the Association from time to time.

2.1. Articles. A copy of the Articles is attached hereto as Exhibit "D".

2.2. By-Laws. A copy of the By-Laws is attached hereto as Exhibit "E".

2.3. Limitation Upon Liability of Association. Notwithstanding the duty of the Association to maintain and repair parts of the Common Areas and other areas in the Development, the Association shall not be liable to Owners for any damage caused by any contractor or subcontractor hired by the Association to make any repair. Nor shall the Association be liable for any damages from the entry or damage, other than the cost of maintenance and repair, caused by any latent condition of the property to be maintained and repaired by the Association, or caused by the elements or other owners or persons.

2.4. Restraint Upon Assignment of Shares in Assets. The shares of Members in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to an Unit.

2.5. Approval or Disapproval of Matters. Whenever the decision of an Owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed in accordance with the By-laws.

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2.6. Applicability of Articles of Incorporation, Bylaws And Rules And Regulations. By acceptance of a deed, each Owner agrees to be bound by the terms and conditions of the Articles, the By-laws, and the provisions of this Declaration, and the Rules And Regulations.

3. MEMBERSHIP IN ASSOCIATION AND VOTING RIGHTS.

3.1. Every Owner shall be a Member of the Association; and such membership shall be appurtenant to and may not be separate from ownership of an Original or New Unit.

3.2. The Association shall have a single class of voting member which shall be all Owners who shall be entitled to one vote for each Unit or Lot owned. When more than one person holds an interest in a given Unit, all such persons shall be members and the vote for such Unit shall be exercised as they may determine among themselves. In no event shall more than one vote be cast with respect to any Unit.

4. EASEMENTS.

Each of the following easements is a covenant running with the land of the Development and notwithstanding any other provisions of this Declaration, may not be amended or revoked in such a way as to unreasonably interfere with their proper and intended use and purpose.

4.1. Utilities

There shall exist reciprocal, appurtenant easements between each Unit for the installation and maintenance of utilities and draining facilities which specifically shall include certain drainage and filtration ponds located below some Units for the purpose of storm water discharge. Additional utility easements shall exist appurtenant to each Unit as may be required for the provision of all utility services to properly serve the Development; provided, however, easements through a Unit shall be only according to the plans and specifications for the Building or as the Building is actually constructed, unless approved, in writing, by the Owner. The exact location of the utility and drainage easements, except for easements that may be necessary through each Building, will exist as they appear on the Plat.

4.2. Pedestrian and Vehicular Traffic

Easements appurtenant to each Unit and between adjacent Units shall exist for pedestrian and vehicular traffic over, through and across roads, sidewalks, paths, lanes and walks, as the same may from time to time exist upon the Common Areas.

4.3. Support

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Every portion of a Unit contributing to the support of the Building in which the Unit is located shall be burdened with an easement of support for the benefit of all other Units in the Building.

4.4. Common Areas - Perpetual Non-Exclusive Easement in Common Areas.

The Original Common Areas and New Common Areas shall be and the same are hereby declared to be subject to perpetual non-exclusive easements in favor of all the Owners for their use and the use of their immediate families, guests and invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, all for the enjoyment of said Owners.

4.4.1. Perpetual Easement in New Common Areas for Homes.

In addition to the perpetual non-exclusive easement in common areas set forth in §4.4 above, the Homes shall have a perpetual non-exclusive easement across the New Common Areas for access to the waterfront at a location designated by the PIHA and the non-exclusive right to use of the two docks on that easement, to be constructed by Properties, together with a loading and unloading area.

4.5. Right of Entry.

Each Original Unit shall be burdened with an easement in favor of the Association, through its duly authorized employees and contractors, to enter any Original Unit at any reasonable hour on any date to perform such Maintenance as may be required to be performed by the Association pursuant to the Association's responsibilities under this Declaration.

4.6. Right of Entry into Private Dwelling In Emergencies.

In case of an emergency originating in or threatening any Original Unit, regardless of whether or not the Owner is present at the time of such emergency, the Board, or any other person authorized by it, or the building manager or managing agent, shall have the right to enter such Original Unit for the purpose of remedying or abating the cause of such emergency, and any such right of entry shall be immediate. In order to facilitate entry in the event of any such emergency, the Owner of such Original Unit, if required by the Association, shall deposit under the control of the Association a key to such Original Unit.

4.7. Easement of Unintentional and Non-Negligent Encroachment.

In the event that any Unit shall encroach upon any of the Common Areas for any reason not caused by the purposeful or negligent act of the Owner or Owners or agents of such Owner or Owners, then an easement appurtenant to such Unit shall exist for the continuance of such encroachment into the Common Areas for so long as such encroachment shall naturally exist; and in the event that any portion of the Common Areas shall encroach upon any Unit, then an easement shall

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exist for the continuance of such encroachment of the Common Areas into such Unit for so long as such encroachment shall naturally exist.

4.8. Delegation of Use.

Subject to the such limitations as may be imposed by the By-Laws, each Owner may delegate his right of enjoyment in and to the Common Areas and facilities to the members of his family, his guests, tenants, and invitees; but to no other.

4.9. No Partition.

There shall be no judicial partition of the Common Areas, nor shall the Association, or any Owner or any other person acquiring any interest in the Development or any part thereof, seek judicial partition thereof. However, nothing contained herein shall be construed to prevent judicial partition of any Unit owned in co-tenancy.

5. MAINTENANCE, ALTERATIONS AND IMPROVEMENTS.

Responsibility for the maintenance of the Owner and restrictions upon its alterations and improvements shall be as follows:

5.1. Original Units

5.1.1. By the Association. The Association shall maintain and repair at the Association's expense:

5.1.1.1 All portions of the Original Units contributing to the support of the Building of which the Original Unit is a part, which portion shall include, but not be limited to, outside walls of the Original Unit and fixtures on its exterior, the roof, those portions of boundary walls not a part of the Original Unit; floor and ceiling slabs, load bearing columns and load bearing walls.

5.1.1.2 All conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services contained in that portion of an Original Unit maintained by the Association; and all such facilities contained within an Original Unit that service part or parts of the Development other than the Original Unit within which contained.

5.1.1.3 All incidental damages caused to an Original Unit by such work immediately above described shall be repaired promptly at the expense of the Association.

5.1.2. By the Owner of an Original Unit. Responsibility of the Owner of an Original Unit shall be as follows:

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5.1.2.1 To keep and maintain his Original Unit, its equipment and appurtenances in good order, condition and repair, and to perform promptly all maintenance and repair work within the Original Unit which, if omitted, would affect the Original Unit in its entirety or any part of the Building; being expressly responsible for the damages and liability which his failure to do so may engender. Notwithstanding anything contained in this Declaration, the Owner of each Original Unit shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all windows and all exterior doors, including sliding glass doors and all air conditioning and heating equipment, stoves, refrigerators, fans and other appliances and equipment, including pipes, wiring, ducts, fixtures and/or their connection required to provide water, light, power, air conditioning and heating, telephone, sewage and sanitary service to his Original Unit which may now or hereafter be situated in the Original Unit.

5.1.2.2 To maintain, repair and replace any and all walls, ceilings and floors, interior surfaces, painting, decorating and furnishings, and all other accessories which such Owner may desire to place and maintain in the Original Unit.

5.1.2.3 Where applicable, to maintain and keep in a neat and trim condition the floor, interior walls, screening and railings of patios, sundecks or balconies.

5.1.2.4 To promptly report to the Association any defect or need for repairs for which the Association is responsible.

5.1.2.5 Plumbing and electrical repairs to fixtures and equipment located within an Original Unit, or heat pumps located outside an Original Unit, and exclusively servicing an Original Unit shall be paid for and be the financial obligation of the Owner.

5.1.3. ALTERATION AND IMPROVEMENT OF AN ORIGINAL UNIT. Except as elsewhere reserved to Properties, NEITHER AN OWNER NOR THE ASSOCIATION SHALL make any alteration in the portions of an Original Unit that are to be maintained by the Association, remove any portion of such, make any additions to them, do anything that would jeopardize the safety or soundness of the building or impair any easement, or PAINT OR OTHERWISE DECORATE OR CHANGE THE EXTERIOR OF ANY UNIT OR BUILDING, OR ANY OTHER PORTION OF THE DEVELOPMENT WITHOUT FIRST OBTAINING APPROVAL IN WRITING OF OWNERS OF ALL Original Units IN THE BUILDING AND APPROVAL OF THE BOARD. A copy of plans for all such work prepared by an architect licensed to practice in this state shall be filed with the Association prior to the start of the work.

5.1.4. Damage for Loss Covered by Association-Insurance Notwithstanding the foregoing, in the event repairs are required to be made to a building or New Unit due to an insured loss and the Association has in effect a blanket Special

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Form property insurance policy covering the building and New Units thereon, but only to the extent of any insurance proceeds received by the Association, the Association shall be responsible for replacement and repair of property damage.

5.2. BY THE OWNER OF A NEW UNIT. Each Owner of a New Unit shall be wholly responsible for the maintenance and repair of his Unit because the Association will have no responsibility for maintenance or repair of the New Units. Each New Unit Owner shall keep and maintain his Unit and its equipment and appurtenances in good order, condition and repair and shall promptly perform all maintenance and repair work as needed for the Unit.

5.3. Enforcement of Maintenance

In the event any Owner fails to maintain his Unit as required above, the Association, or any other Owner shall have the right to proceed in any appropriate court to seek compliance with the foregoing provisions or the Association shall have the right to assess the Owner and the Unit for the necessary sums to put the improvements within the Unit in good condition. After such assessment, the Association shall have the right to have its employees or agents enter the Unit and do the necessary work in order to enforce compliance with the above provisions.

Further, in the event an Owner violates any of the provisions of this Section, the Association shall have the right to take any and all such steps as may be necessary to remedy such violation, including, but not limited to, entry of the Unit with or without the consent of the Owner, and the repair and maintenance of any item requiring same, all at the expense of the Owner.

5.4. Common Areas

5.4.1. By the Association. The maintenance and operation of the Original Common Areas including the repair, maintenance and replacement of landscaping and other improvements and facilities shall be the responsibility of the Association as a common expense. It shall additionally be the responsibility of the Association to maintain and repair the landscaping of any land surrounding each Original Unit. The Association shall assess only the Owners of the Original Units for the Original Common Area's maintenance.

5.4.2. Personal Property. The Association shall have the responsibility of maintaining, repairing and replacing any personal property acquired by the Association.

5.5. New Units Common Areas.

5.5.1 Sub-Association - Until such time as all the New Units are sold or until Properties relinquishes its rights herein, Properties shall comprise the Sub-Association. When Properties relinquishes control of the Sub-Association, the Sub-Association shall be comprised of all Owners of New

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Units and shall be represented by a board made up of two owners of New Units to be elected from its membership and the President of PIHA or his/her designee (the "Board-SA"). All business of the Sub-Association shall be conducted by a majority vote of the Board-SA and the President shall be authorized to execute contracts on behalf of the Board-SA.

5.5.2. Maintenance of the New Common Area By the Sub-Association. The maintenance and operation of the New Common Areas including the repair, maintenance and replacement of landscaping and other improvements and facilities shall be the responsibility of the Sub-Association as a common expense. It shall additionally be the responsibility of the Sub-Association to maintain and repair the landscaping of any land surrounding each New Unit. The Sub-Association shall assess the Owners of New Units and Homes for the New Common Area's maintenance.

5.6. Change in Properties-Owned New Units

Notwithstanding the above, Properties shall have the right, without the vote or consent of the Association or any Owner, to (i) make alterations, additions or improvements in, to and upon the New Units owned by Properties, whether structural or non-structural, interior or exterior, ordinary or extraordinary; (ii) change the layout or number of rooms in any Properties-owned New Units; or (iii) make any changes that would assist Properties in marketing the unsold New Units.

6. INSURANCE

6.1 Property Insurance by Association.

6.1.1. Original Common Areas. The Associations's Board of Directors, or its duly authorized agent, shall obtain Special Form property insurance to cover all insurable improvements on the Original Common Area. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction ~~due to an~~ insured loss. In the event that the only way that the Board-SA can obtain liability insurance on the New Common Areas is through the Association and in conjunction with the Original Common Areas, then the premiums shall be apportioned and prorated between the Original and New Unit Owners. Otherwise, the Board-SA shall obtain comparable liability insurance on the New Common Areas.

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6.1.2. Building and Original Units. To the extent it can be reasonably obtained, the Association's Board of Directors, or its duly authorized agent, shall obtain blanket Special Form property insurance to cover the full replacement cost of all buildings and

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the Original Units located therein. Present Association coverage includes floor coverings, wall coverings, ceiling coverings, electrical and plumbing fixtures, interior partition walls, refrigerators, air conditioners, cooking stoves or ranges, dishwashers, clothes washers and dryers, kitchen cabinets, countertops, and vanities contained within the Original Unit, initially installed in accordance with the original plans and specifications of the Association, or replacement thereof of like kind and quality, or as existed at the time the Original Unit was conveyed to the present owner. The value of any additions or alterations, and the additional value of any upgrades, made subsequent to conveyance, are the responsibility of the individual Original Unit owner. Excluded from coverage are foundation and excavation costs and those items set forth in 6.4 hereof.

6.1.3. Benefit of Policies. All property insurance policies obtained by the Association shall be for the benefit of the Original Unit owners and their mortgagees as their interests may appear.

6.1.4. Adjustment for Losses. Exclusive authority to adjust losses under the policies obtained by the Association shall be vested in the Association's Board of Directors; provided, however no mortgagee having an interest in such losses shall be prohibited from participating in the settlement negotiations, if any, related thereon.

6.1.5. Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed to pay for the costs of repair or reconstruction.

Any proceeds remaining after defraying such costs of repairs or reconstruction after making such settlement as may be necessary and appropriate with the affected owner or owners and their mortgagees, as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any mortgagee of a residential unit and may be enforced by such mortgagee.

6.1.6. Deductibles. Any casualty insurance policy obtained by the Association may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy to determine whether the insurance at least equals the full replacement cost.

6.2. Property Insurance by Original Unit Owners. In the event the Association is unable to obtain property insurance on the building and Original Units located therein, then it shall be the individual responsibility of each Original Unit owner to obtain Special Form Property Insurance on their Original Unit in an amount equal to the Original Unit's insurable replacement cost. Minimum replacement cost of an Original Unit shall be determined annually by the Association and published to the members. The Association shall be included as an additional insured on each Original Unit owner's policy. Certificates of the

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required insurance by existing Original Unit owners shall be provided to the Association within thirty (30) days of written notification to the Original Unit owner that the Association is unable to obtain coverage or the effective date of the cancellation of the Association's insurance, whichever is later. Original Unit owners shall provide a Certification of Insurance to the Association within seven (7) days of closing and before occupancy of the Original Unit. After initial Certification of Insurance, Original Unit owners will maintain coverage continuously in force until further notice. Original Unit owners further agree that in the event of loss or damage to their Original Unit, that the owner shall promptly proceed with repairs or reconstruction of the structure and do so in a manner consistent with the original plans and specifications of the Association and current building codes.

6.2.1. Failure to Obtain Property Insurance. In the event an Original Unit owner fails to maintain property insurance as required above, then the Association, if obtainable, shall procure insurance on the owner's Original Unit. The cost to the Association of obtaining such insurance shall constitute an additional assessment lien specific to that Original Unit and shall be collectable pursuant to section 7 of the Declaration.

6.3. Other Insurance by Association.

6.3.1. Public Liability. The Association shall provide public liability insurance as shall be required by the Board with cross liability endorsements to cover liability of owners as a group to an individual owner. Provided, however, the amount of public liability insurance shall at least be in an amount of One million dollars (\$1,000,000.00) or greater for any single accident.

6.3.2. Worker's Compensation Insurance. The Association shall provide worker's compensation insurance in compliance with Florida Law.

6.3.3. Additional Insurance. Such other insurance as the Board, in its discretion, may determine from time to time to be in the best interest of the Association and the Owners, including Officer and Directors' Liability insurance.

6.3.4. Additional Insurance by Owners. It shall be the responsibility of each owner to procure whatever additional insurance the owner desires for protection of the owner's personal property (contents), and to cover flood, loss of rental income, etc. and personalty liability.

7. ASSESSMENTS

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Each and every Original Unit is hereby subjected to monthly maintenance assessments as hereinafter provided, to allow the Association to carry out its duties and responsibilities under this Declaration.

Each and every New Unit shall also be subject to monthly assessments for the maintenance of the New Common Areas which assessment shall be reasonably based upon the actual costs associated with the maintenance of the New Common Areas. Such monthly assessment shall be consistent with and no more than that part of the monthly direct costs for the operation and maintenance of the New Common Areas. PIHA shall have the right to assess a fee against each New Unit for the maintenance of the recreational parcel, entrances, docks and lighting. PIHA shall set the fee annually and it shall be based upon the actual costs for the services listed herein.

Each and every Home shall be assessed a monthly fee which the Sub-Association shall establish to be collected from each Home or the Association representing the Homes, for the maintenance of the New Common Areas, the unobstructed view of the lake, the loading and unloading zone, the dock and pavement constructed on the easement by Properties, liability insurance, the maintenance of entrances and the Common Areas lighting. The Sub-Association shall set the fee annually and it shall be reasonably based upon the actual costs for the services listed herein.

7.1. Commencement of and Collection of Annual Assessments

The annual assessments shall cover the calendar year and shall be payable monthly, in advance and without notice, on the first day of each month. Units and Homes shall not be subject to an assessment until a Certificate Of Occupancy has been issued for the Unit or Home by the City Of Inverness, Florida, or a Deed to the Unit or Home has been recorded in favor of an individual Owner, whichever event sooner occurs. The first assessment shall be a prorata share of the full month, based upon the day that the aforesaid Certificate Of Occupancy is so issued. Thereafter, the Unit or Home will be subject to the full monthly maintenance assessment associated with an Original Unit, New Unit or Home. The first month's prorata assessment shall be paid in advance and be a part of said Unit's or Home's closing costs. Commencing on the first day of each month thereafter, each Owner shall pay, in advance, to the Association at the office of the Association, or at such other place as shall be designated by the Association, the full monthly maintenance assessment assessed against such Unit or Home; and such payments shall be used by the Association to create and continue maintenance funds to be used to discharge its obligations and responsibilities under this Declaration.

7.2. Delinquency and Affect of Non-Payment of Assessment

Each such monthly maintenance assessment shall become delinquent if not paid by the 10th day of the month when due and shall bear interest at the rate of 15% per annum from said date until paid. No member of the Association may

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vote on any matter coming before the Association if such member is delinquent in the payment of regular assessments in excess of ninety (90) days.

7.3. Lien For Assessments

The Association shall have a lien on each Owners' Unit, or Home for any unpaid assessments and any unpaid fines levied by the Association, plus interest thereon, together with a lien on all tangible personal property located within the Unit or Home, except such lien upon the aforesaid tangible personal property shall be subordinate to prior bona fide liens of record. Reasonable attorneys' fees incurred by the Association, incident to the collection of such assessment or for the enforcement of such lien, together with all sums advanced and paid by the Association for taxes and payment on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protects its lien shall be payable by the Owner and secured by such lien. The Association's lien shall include those sums advanced on behalf of each Owner in payment of its obligation for use charges and operation costs.

Said lien shall be effective from and after the time of recording in the public records of Citrus County, Florida, of a claim of lien stating the description of the Unit, the name of the record Owner, the amount due and the date when due, and the lien shall continue in effect until all sums secured by the lien shall have been fully paid. Such claims of lien shall be signed and verified by an officer of the Association. Upon full payment, the party making payment shall be entitled to a recordable satisfaction of the lien. All such liens shall be subordinate to the lien of an Institutional Mortgage recorded prior to the time of recording of the claim of lien.

7.4. Collection and Foreclosure

The Board may take such action as it deems necessary to collect assessments of the Association by personal action or by enforcing and foreclosing said assessment lien, and may settle and compromise same, if in the best interest of the Association. The Association shall be entitled to bid at any sale held pursuant to a suit to foreclose an assessment lien, and to apply as a cash credit against said bid, all sums due the Association secured by the lien enforced. In case of such foreclosure, the Owner shall be required to pay a reasonable rental for the Unit or Home and the Association shall be entitled to the appointment of a Receiver to collect same from the Owner and/or occupant.

7.5. Unpaid Assessments - Certificate

Any Owner shall have the right to require from the Association a certificate showing the amount of unpaid assessments against him with respect to his Unit or Home. The holder of a mortgage or other lien shall have the same right as to any Unit or Home upon which it has a lien.

7.6. Non-Waiver

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The liability for assessments may not be avoided by waiver of the use or enjoyment of any of the Common Areas or abandonment of the Unit as to which the assessment is made.

7.7. Special Assessments for Capital Improvements

In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment 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 on the Common Areas, including fixtures and personal property related thereto. Any such assessment must be approved by a majority of the Members.

7.8. Subordination of Assessment Lien to Mortgages

The assessment lien provided for herein shall be subordinate to the lien of any first mortgage. A sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to a mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the assessment lien as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Unit of liability for any assessments thereafter becoming due or from the lien thereof.

7.9. Purpose of Annual Assessments

The annual assessments levied by the Association shall be used exclusively to promote the health, safety, welfare and recreation of the residents in the Development and for the improvement and maintenance of the Common Areas and of the Units. Annual assessments shall include, and the Association shall require and pay out of the fund derived from the annual assessments the following:

7.9.1. To pay all operating expenses of the Association of any kind or type including, without limitation, the cost of any and all insurance coverages carried by the association and all of the costs of operating the association.

7.9.2. To make payment of all ad valorem and other taxes, if any, assessed against the real estate owned by the Association and against any properties, real or personal, or any interest therein, owned by or leased to the Association and to make payment of any other taxes, including income taxes, if any, payable by the Association.

7.9.3. To pay all annual current expenses required for the reasonable repair and maintenance, including ground maintenance, of all Association property and Common Areas and other Maintenance obligations of the Association as set forth in this Declaration, including all recreational facilities and other improvements now or hereafter of record or installed in the Common Areas and the ground

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maintenance of the Lots as well as the paved access ways and all surface drainage facilities anywhere within the Development.

7.9.4. To provide deposits to a reserve fund which, with future deposits thereto, will be sufficient in the judgment of the Association to cover the costs of anticipated future periodic exterior maintenance work on the Units and all of the Common Areas and other improvements owned by the Association, including resurfacing of the paved access ways.

7.9.5. To pay any other costs of materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, or assessments which the Association is required to secure or pay pursuant to the terms of this Declaration or by law, or which shall be necessary or proper in the opinion of the Board for the operation of the Common Areas, all for the benefit of the Owners.

8. WATER AND SEWER SYSTEM

There has been provided a central water and sewer system to provide water and sewer services for the Development. The water and sewer service shall be used solely to provide water and sewer service to the Owners. The water and sewer system has been conveyed to the City of Inverness and the City of Inverness has the responsibility of operating the water and sewer system and shall charge the Owners accordingly for the water and sewer service used by the Owners.

9. MANAGEMENT OF ASSOCIATION

The Association shall have the right, but not the obligation, to engage a manager or management firm, as employee or independent contractor, to discharge, at the expense of the Association, any and all of its duties hereunder.

10. USE RESTRICTIONS

The use of the Development shall be in accordance with the following provisions:

10.1. Units

10.1.1. Each of the Original Units shall be occupied by (owner, members of his family, his servants, tenants, and guests, as a residence and for no other purpose. No Original Unit consisting of two bedrooms shall be permanently occupied by more than four persons, and the maximum permanent occupants and overnight guests shall be no more than six persons per Original Unit. A three bedroom unit may be permanently occupied by up to a maximum of six persons and the maximum permanent occupants and overnight guests shall be no more than eight persons per three bedroom Original Unit.

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10.1.2. Except as reserved to Properties, no Unit may be divided or subdivided into a smaller unit nor any portion thereof sold or otherwise transferred without first amending this Declaration to show the changes in the Lots to be affected thereby.

10.1.3. Nothing shall be hung, displayed or placed on the exterior walls, doors or windows of an Unit or a Building without the prior written consent of the Board.

10.1.4. Subject to the provisions of the applicable law, no clotheslines or similar device, no hanging of towels, etc., shall be allowed on any patios, sundecks or balconies of the Unit or any other part of the Development without the written consent of the Board.

10.1.5. No Owner shall make, allow or cause to be made any structural addition or alteration of his Unit or the Common Areas without the prior written consent of the Board.

10.1.6. No Unit shall be occupied by relatives, tenants or guests while the Owner is not in residence, unless such relative, guest or tenant has been authorized by written correspondence to the Association from the Owner prior to such occupancy. The Board shall promulgate reasonable rules and regulations to accomplish such registration procedure.

10.1.7. No rubbish, trash, garbage or other waste vehicles may be parked in such parking area during the times necessary for pick up and delivery services solely for the purposes of such service. If the Association shall hereinafter provide or designate a separate area for the storage of boats, boat trailers, and other recreational vehicles, then thereafter and so long as such separate storage areas shall be provided or designated, all boats, boat trailers, and other recreational vehicles shall be stored therein and may not be kept or parked on any Building, Lot or access way. If such separate storage area shall be provided or designated, the use thereof for the storage of boats, boat trailers and other recreational vehicles may be terminated at any time by the Association without cause or liability.

10.1.8 No outbuilding, basement, tent, shack, garage, trailer, shed or temporary building of any kind shall be used as a residence either temporarily or permanently.

10.2 Common Areas

The Original and New Common Areas shall be used only for the purpose for which they are intended.

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10.3 Nuisances

No nuisances shall be allowed on the Development nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful possession and proper residential use of the Land by its residents. All parts of the Land shall be kept in a clean and sanitary condition and no rubbish, refuse or garbage shall be allowed to accumulate or any fire hazard allowed to exist. No Owner shall permit any use of his Unit or the Common Areas which will increase the rate of insurance upon the Development.

10.4 Vehicles

No wheeled vehicles of any kind (motorized or non-motorized) and no boats may be kept or parked on a parking area or access way except that private automobiles and those of their guests bearing no commercial signs may be parked in the parking area designated on the site plan attached as Exhibit "B". Other vehicles may be parked in such parking area during the times necessary for pick up and delivery services solely for the purposes of such service. If the Association shall hereinafter provide or designate a separate area for the storage of boats, boat trailers, and other recreational vehicles, then thereafter and so long as such separate storage areas shall be provided or designated, all boats, boat trailers, and other recreational vehicles shall be stored therein and may not be kept or parked on any Building, Lot or access way. If such separate storage area shall be provided or designated, the use thereof for the storage of boats, boat trailers and other recreational vehicles may be terminated at any time by the Association without cause of liability.

10.5. Boats

Each Owner shall be allowed to have one boat tied up along the water's edge surrounding the Development in appropriate places designated by the Association.

10.6. Dock

10.6.1. No Owner shall erect a dock or any other improvement which would extend beyond the water's edge without the prior written consent of the Board.

10.6.2. Properties shall construct a dock and loading and unloading zone on the easement across the New Common Area and an additional dock at a point on the New Common Area at a point to maximize its utility.

10.7. Parking

Each Owner and the Owner's guests shall park vehicles only in the parking spaces which have been designated on the site plan attached hereto as Exhibit "B"

10.8. Lawful Use

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No immoral, improper, offensive or unlawful use shall be made of the Development or any part thereof; and all valid laws, zoning ordinance and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of the governmental bodies which require maintenance, modification or repair of the Development shall be the same as the responsibility for the maintenance and repair of the property concerned.

10.9. Signs

No signs shall be displayed from a Unit or on the Buildings, or on the Common Areas except such signs as shall have advance written approval of the Board. This shall include "For Sale", "For Rent" or similar signs.

10.10. Pets

No animals, livestock or poultry of any kind shall be raised, bred, or kept in any Unit or on the Common Areas. However, dogs, cats and other household pets may be kept in Units subject to such rules and regulations as may be adopted by the Association, so long as they are not kept, bred or maintained for commercial purposes.

10.11. Children

The presence of children as either permanent or temporary residents in any Unit, or elsewhere in the Development is not in any manner restricted.

10.12. Rules And Regulations

Reasonable Rules And Regulations concerning the use of the Development may be made and amended from time to time by the Association in the manner provided by its Articles and By-Laws. Copies of such Rules And Regulations and amendments thereto shall be furnished by the Association to all Owners and residents of the Development upon request.

10.13. Proviso

Provided, however, that until Properties has completed all of the contemplated improvements and closed the sales of all of the Units of this Development, neither the Owners nor the Association nor the use of the Development shall interfere with the completion of all contemplated improvements and the sale of all Units and Properties may make such use of the unsold Units and Common Areas as may facilitate such completion and sale, including, but not limited to, maintenance of a sales office, showing of the property and the display of whatever signs, as might be reasonably required for such purposes.

11. MAINTENANCE OF COMMUNITY INTERESTS

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In order to maintain a community of congenial residents who are financially responsible and thus protect the value of the Units, the transfer of Units by any Owner other than Properties (that is, resale after the initial purchase) shall be subject to the following provisions of this Section 11, so long as the Development exists, which provisions each Owner covenants to observe:

11.1. Transfer Subject to Approval

11.1.1. Sale. No Owner may dispose of an Unit, or any interest therein by sale without approval of the Association except to another Owner.

11.1.2. Lease. No Owner may dispose of a Unit, or any interest therein by lease without approval of the Association.

11.1.3. Gift. If any Owner shall acquire his title by gift, the continuance of his ownership of his Unit shall be subject to approval of the Association.

11.1.4. Devise or Inheritance. If any Owner shall acquire his title by devise or inheritance, the continuance of his ownership of his Unit shall be subject to the approval of the Association.

11.2 Approval by Association

11.2.1. Notice to Association

11.2.1.1 Sale. A Owner intending to accept a bona fide offer for sale of his Unit or any interest therein, shall give the Association notice of such intention, together with the name and address of the intended purchaser and such other information concerning the intended purchaser as the Association may reasonably require. Such notice, at the Owner's option, may include a demand by the Owner that the Association furnish a purchaser, if the notice shall be accompanied by an executed copy of the proposed contract to sell.

11.2.1.2 Lease. An Owner intending to accept a bonafide offer to lease his Unit or any interest therein shall give to the Association notice of such intention, together with the name and address of the intended lessee and other such information as the Association may reasonably require, and an executed copy of the proposed lease.

11.2.1.3 Gift Devise; Inheritance; Other Transfers.

An Owner who has obtained his title by gift, devise or inheritance, or by any other manner not heretofore considered, shall give to the Association notice of his

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acquiring of title, together with such information concerning the Owner as the Association may reasonably require, and a certified copy of the instrument evidencing the Owner's title to the Unit.

11.2.1.4 Failure to Give Notice. If the notice to the Association herein required is not given, then at any time after receiving knowledge of a transaction or event transferring ownership or possession of an Unit, the Association, at its election and without notice, may approve or disapprove the transfer of ownership. If the Association disapproves the transfer of ownership, the Association shall proceed as if it had received the required notice on the date of such disapproval.

11.2.2. Certificate of Approval

11.2.2.1 Sale. If the proposed transaction is a sale, then within ten (10) days after receipt of such notice and information, the Association must either approve or disapprove the transaction. If approved, the approval shall be stated in a certificate executed by the President (or a Vice President), and having the corporate seal affixed in recordable form and shall be delivered to the purchaser and shall be recorded in the public records of Citrus County, Florida, at the expense of the purchaser.

11.2.2.2 Lease. If the proposed transaction is a lease, then within ten (10) days after receipt of such notice and information, the Association must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the President (or a Vice President), in recordable form, which shall be delivered to the lessee.

11.2.2.3 Gift; Devise; Inheritance; Other Transfer. If the Owner giving notice has acquired his title by gift, devise, inheritance, or in any other manner, then within thirty (30) days after receipt of such notice and information, the Association must either approve or disapprove the continuance of the Owner's ownership of his Unit. If approved, the approval shall be stated in a certificate executed by the President, in recordable form, and shall be delivered to the Owner and shall be recorded in the public records of Citrus County, Florida, at the expense of the Owner.

11.3. Disapproval by the Association.

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If the Association shall disapprove a transfer of ownership of a Unit, the matter shall be disposed of in the following manner:

11.3.1. Sale. If the proposed transaction is a sale; and if the notice of sale given by the Owner shall so demand, then within ten (10) days after receipt of such notice and information, the Association shall deliver or mail by certified mail to the Owner, an agreement to purchase by a purchaser approved by the Association who will purchase, and to whom the Owner must sell the Unit upon the following terms:

11.3.1.1 At the option of the purchaser to be stated in the agreement, the price to be paid shall be that stated in the disapproved contract to sell; or shall be the fair market value determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two (2) appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Unit; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser.

11.3.1.2 The purchase price shall be paid in cash.

11.3.1.3 The sale shall be closed within thirty (30) days after the delivery or mailing of said agreement to purchase or within ten (10) days after the determination of the sale price, if such is by arbitration, whichever is the later date.

11.3.1.4 A certificate of the Association executed by its President (or a Vice President) having the corporate seal affixed, and approving the purchaser, shall be recorded in the public records of Citrus County, Florida, at the expense of the purchaser.

11.3.1.5 If the Association shall fail to provide a purchaser upon the demand of the Owner in the manner provided, or if a purchaser furnished by the Association shall default in his agreement to purchase, then notwithstanding the disapproval or default, the proposed transaction shall be deemed to have been approved and the Association shall furnish a certificate of approval as elsewhere provided, which shall be recorded in the

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public records of Citrus County, Florida, at the expense of the purchaser.

11.3.2. Lease. If the proposed transaction is a lease, the Owner shall be advised of the disapproval in writing, and the lease shall not be made.

11.3.3. Gifts; Devise; Inheritance; Other Transfers. If the Owner giving notice has acquired his title by gift, devise or inheritance, or in any other manner not heretofore considered, then within ten (10) days after receipt from the Owner of the notice and information required to be furnished, the Association shall deliver or mail by certified mail to the Owner, an agreement to purchase by a purchaser approved by the Association who will purchase, and to whom the Owner must sell the Unit upon the following terms:

11.3.3.1 The sale price shall be the fair market value determined by agreement between the seller and purchaser within ten (10) days from the delivery or mailing of such agreement. In the absence of such agreement, by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two (2) appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Unit; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser.

11.3.3.2 The purchase price shall be paid in cash.

11.3.3.3 The sale shall close within thirty (30) days following the determination of the sale price.

11.3.3.4 If the Association shall fail to provide a purchaser as herein required, or if a purchaser furnished by the Association shall default in his agreement to purchase, then notwithstanding the disapproval or default, such ownership shall be deemed to have been approved, and the Association shall furnish a certificate of approval as elsewhere provided, which shall be recorded in the public records of Citrus County, Florida, at the expense of the Owner.

11.4. Mortgage

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A Owner may not mortgage his Unit, nor any interest therein, without the approval of the Board, except to an Institutional Mortgagee. The approval of any other mortgagee may be obtained upon conditions determined by the Board; and said approval shall be, if granted, prepared in recordable form, executed by the President and Secretary of the Association. Where an Owner sells his Unit and takes back a purchase money mortgage, the approval of the Board shall not be required.

12. ENFORCEMENT OF RESTRICTIONS

12.1. Building Violations

Whenever there shall have been built or there shall exist on any Unit any structure, building, thing or any condition which is in violation of this Declaration, Properties or the Association, or both, shall have the right, but no obligation, to enter upon the Unit where such violation exists and summarily to abate and remove same, all at the expense of an Owner of such Unit, which expense shall be payable by such Owner to the Association or Properties as the case may be, on demand and such entry and abatement or removal shall not be deemed a trespass or make Properties or the Association liable in any way for any damages on account thereof. In addition, Properties, the Association or any other Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, easements, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by Properties, the Association, or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

12.2. Other Violations

Any other violation of this Declaration or the Regulations may be remedied by the Association, Properties, or an Owner by injunction or any other lawful means. Additionally, the Board shall have the right to deny use of the Common Areas and facilities to any Owner who continually violates any of the restrictions set forth herein or the Regulations. The Board shall have the right to set up procedures to institute reasonable fines against Owners who continually violate these restrictions or the Regulations.

12.3. Attorneys' Fees and Costs

In the event the Association, Properties, or any Owner finds it necessary to resort to court proceedings to enforce these Covenants, then the violating Owner shall be responsible for paying the attorneys' fees and costs incurred by the Association, Properties or the Owner who maintains such an action.

12.4. Severability

BK 1388 PG 1315
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Invalidation of any one of these Covenants by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

13. ARCHITECTURAL CONTROL COMMITTEE

The Board may, in its discretion, appoint as a standing committee an Architectural Control Committee, which shall be composed of three (3) or more persons appointed by the Board; or, in the Board's discretion, the Board may constitute itself the Architectural Control Committee (hereinafter sometimes referred to as the "Committee"). No member of the Committee shall be entitled to compensation for services performed; but the Committee may employ independent professional advisors and allow reasonable compensation to such advisors from Association funds. The Committee shall have full power to regulate all exterior changes to the Units or the Buildings in the manner hereinafter provided, provided, as noted herein, it is specifically understood and agreed that the provision of this §13 shall not apply to any construction, alteration, etc., performed by Properties.

13.1. Committee Authority. The Committee shall have full authority to regulate, in accordance with the terms and provisions of this Declaration, the use and appearance of the exterior of the Units to assure harmony of external design and location in relation to surrounding Buildings and topography and to protect and conserve the value and desirability of the Development as a residential community. The power to regulate shall include the power to prohibit those exterior uses or activities deemed inconsistent with the provisions of this Declaration, or contrary to the best interests of the Association in maintaining the value and desirability of the Development as a residential community, or both. The Committee shall have authority to adopt, promulgate, rescind, amend, and revise rules and regulations in connection with the foregoing; provided, however, such rules and regulations shall be consistent with the provisions of this Declaration; and, if the Board has not constituted itself as the Committee, such rules and regulations shall be approved by the Board prior to the same taking effect. Violations of the Committee's rules and regulations shall be enforced by the Board, unless such enforcement authority is delegated to the Committee by resolution of the Board.

13.2 Committee Approval. Without limitation of the foregoing, no changes, alterations, additions, reconstruction, or attachments of any nature whatsoever shall be made to any Lot (except as to the interior of a Unit), including that portion of any Lot not actually occupied by the Unit, except such as are installed, improved, or made by Properties, as noted above, until the plans and specifications showing the nature, kind, shape, height, materials, locations, color, and approximate cost of the same shall have been submitted to, and approved by, the Committee in writing. The Committee's approval shall not be required of any changes or alterations within an enclosed or semi-enclosed yard patio, or entry area and screened from view; provided, however, it is expressly intended that any trees or shrubs capable of attaining a height in excess of the aforesaid screening walls, fencing, or shrubbery, as the case may be, installed

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by Properties shall be subject to Committee approval. No Owner shall undertake any exterior maintenance of his Lot which is the duty of the Association, as hereinabove provided, without the prior approval of the Committee. No exterior door or glass surface shall be replaced by any Owner without the Committee's prior approval, unless the replacement is identical to that utilized in the original construction. Nothing shall be kept, placed, stored, or maintained upon the exterior of any Lot, including any portion of any Lot not enclosed by the improvements thereon, without the Committee's prior approval unless the same is within an enclosed or semi-enclosed yard, patio, or entry area and screened from view. All applications to the Committee for approval of any of the foregoing shall be accompanied by plans and specifications or such other drawings or documentation as the Committee may require. In the event the Committee fails to approve or disapprove an application within thirty (30) days after the same has been submitted to it, the Committee's approval shall be deemed to have been given. In all other events, the Committee's approval shall be in writing. If no application has been made to the Committee, suit to enjoin or remove any structure, activity, use, change, alteration, or addition in violation of the prohibitions contained in this section may be instituted at any time, and the Association or any Owner may resort immediately to any other lawful remedy for such violation.

13.3 Procedure. The Committee may, from time to time, adopt, promulgate, rescind, amend, and revise rules and regulations governing procedure in all matters within its jurisdiction. In the event the Board does not constitute itself, the Committee, then the Board, in its discretion, may provide by resolution for appeal of decisions of the Committee to the Board, subject to such limitations and procedures as the Board deems advisable. The Board or the Committee may appoint one or more persons to make preliminary review of all applications to the Committee and report such applications to the Committee with such person's recommendations for Committee action thereon. Such preliminary review shall be subject to such regulations and limitations as the Board or the Committee deems advisable.

13.4. Standards. No approval shall be given by the Board or Committee pursuant to the provisions of this Article unless the Board or Committee, as the case may be, determines that such approval shall: (a) assure harmony of external design, materials, and location in relation to surrounding buildings and topography within the Development; (b) protect and conserve the value and desirability of the Development as a residential community; (c) be consistent with the provisions of this Declaration; and (d) be in the best interests of the Association in maintaining the value and desirability of the Development as a residential community.

14. PARTY WALLS

14.1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Units and Buildings and placed on the dividing line between the Lots shall constitute a party wall; and, to the extent not inconsistent with the provisions of this Article, the applicable case law of

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the State of Florida regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

14.2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of any such party wall shall be shared by the Owners who make use of the party wall in proportion to such use.

14.3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty and if such destruction or damage is not covered by insurance, any Owner who has used the party wall may restore it; and if the Owners thereafter make use of the party wall, they shall contribute to the cost of restoration thereof in proportion to their use without prejudice, however, to the right of any such Owner to call for a larger contribution from the others under any rule or law regarding liability for negligent or willful acts or omissions.

14.4. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who by his negligent or willful act causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

14.5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the Land and shall pass to such Owner's successors in title.

14.6. Arbitration. In the event of any dispute arising concerning a party wall or under the provisions of this Article, each party shall choose one arbitrator and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators and said decision shall be enforceable in any court of competent jurisdiction. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor, the Board shall select an arbitrator for the refusing party.

15. APPROVALS

Wherever in the Covenants the consent or approval of Properties is required to be obtained, no action requiring such consent or approval shall be commenced or undertaken until after a request in writing seeking the same has been submitted to and approved in writing by Properties. In the event Properties fails to act on any such written request within sixty (60) days after the same has been submitted to Properties as required above, the consent or approval of Properties to the particular action sought in such written request shall be conclusively and irrefutably presumed. However, no action shall be taken by or on behalf of the person or persons submitting such written request which violates any of the Covenants.

16. ASSIGNMENTS

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Properties shall have the sole and exclusive right at any time and from time to time to transfer and assign to, and to withdraw from such person, firm, or corporation as it shall select, any or all rights, powers, easements, privileges, authorities, and reservations given to or reserved by Properties by any part or sections of the Covenants or under the provisions of the Plat. If at any time hereafter there shall be no person, firm, or corporation entitled to exercise the rights, powers, easements, privileges, authorities, and reservations given to or reserved by Properties under the provisions hereof or under the provisions of the Plat, the same shall be vested in and be exercised by a committee to be elected or appointed by the Owners of a majority of the Units. Nothing herein contained, however, shall be construed as conferring any rights, powers, easements, privileges, authorities or reservations in said committee, except in the event aforesaid.

17. ADDITIONAL COVENANTS

No property owner, without the prior written approval of Properties, may impose any additional covenants or restrictions on any part of the Land.

18. RECREATION PARCEL

18.1. Use By Owners of Original and New Units. It is specifically understood and agreed that the Association presently holds title to a parcel of land adjacent to the Land, on which are located certain recreational facilities (hereinafter called the "Rec Parcel"). It is intended that the Rec Parcel shall be owned and operated by the Association for the use and benefit of the existing and future Owners of the Development, The use and operation of the Rec Parcel and any and all improvements and facilities located thereon shall be governed and controlled by the Regulations.

18.2 Use By Non-Owners. It is specifically understood and agreed that Properties shall have the right to utilize the Rec Parcel for the benefit of owners or tenants within the Additional Land up to total of 112 residences, including all New and Original Units, provided that the provisions of the balance of this Paragraph 18.2 are satisfied.

18.2.1 In the event that Properties develops Homes and New Units that together would exceed fifty-six (56) residences.

Owners or tenants within the Additional Land shall be entitled to use all of the Rec Parcel except for the swimming pool presently located thereon (hereinafter called the "Existing Pool") whose design capacity is limited to that necessary to serve the Development except as otherwise provided herein. The costs of maintaining the Rec Parcel (less the Existing Pool) shall be borne by the owner or owners thereof proportionately based upon the number of individual residential Units in the Land and the Homes in the Additional Land as further provided in this subsection. The Association shall limit subscription to the existing pool to One

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Hundred and Twelve (112) members. Fifty-six (56) memberships shall always be reserved for the Owners of Original Units. Fifty-six (56) memberships shall always be reserved first for New Units and any remaining subscriptions then to Homes. In the event that Properties, in its absolute discretion, requests that the pool subscription be offered to more than one hundred and twelve (112) memberships, the following shall apply. Owners or tenants within the Additional Land shall be entitled to use the Existing Pool only if an one-half undivided interest in an adjacent parcel of land within the Additional Land of at least 5,000 square feet (hereinafter called the "Additional Parcel") is conveyed to the Association and there is constructed thereon a swimming pool at no cost to the Association (hereinafter called the "Additional Pool") comparable to the Existing Pool. At the time of such conveyance of the Additional Parcel and completion of the Additional Pool, such shall become for all purposes a part of the Rec Parcel; and the cost of maintaining both the original Rec Parcel and the Additional Parcel shall be borne by the owner or owners thereof proportionately based upon the number of individual residential Units in the Land and the number of Homes in the Additional Land, who shall also have the rights to utilize all of such facilities.

18.2.2 In the event that Properties develops Homes and New Units that together would be less than or equal to fifty-six (56) residences.

The Association shall provide pool privileges for the existing pool on the Rec Parcel and shall be authorized to charge and collect a monthly fee from those New Unit owners and Home owners who elect to use the pool. Such fee shall be sufficient to compensate the Association for the cost of operation and maintenance of the Rec Parcel and pool, spread equally among all users. The Association shall base the fee on the costs divided by the number of Units plus the number of subscriptions of Homes that sign up for the use of the pool by a date to be determined by the Association.

19. AMENDMENTS TO DECLARATION

Except as provided elsewhere herein, this Declaration may be amended in the following manner:

19.1. Notice

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

19.1.2. Resolution of Adoption. A resolution adopting a proposed amendment may be proposed by either the Board or by Members.

BK 1388PG 1320
2000 OC 14 PM 3:13

Directors and Members not present by person or by proxy at the meeting considering the amendment may express their approval in writing, provided such approval is delivered to the secretary at or prior to the meeting. Except as elsewhere provided, the approvals of the membership and the Board shall be as follows:

19.1.2.1 All amendments to these Covenants, except the matters set forth in paragraph 19.1.3 to Conditions and Restrictions shall require a seventy-five per cent (75%) vote of the membership present or voting through proxy, at a meeting called to consider said amendment.

19.1.2.2. All amendments to these Covenants, Conditions and Restrictions approved by a valid vote of the Membership in the Association shall be effective if approved by majority vote of the Board.

19.1.3. Amendments to these Covenants regarding children and easements. One hundred percent (100%) of the votes in the entire membership of the Board and one hundred percent (100%) of the votes of the entire membership of the Association shall be required to enact any restriction dealing with the presence of children either as temporary or permanent residents in the development and any amendment dealing with Section 4 hereof entitled, "Easements."

19.2. Resolution of Adoption for Errors or Omissions Not Materially or Adversely Affecting Property Rights of the Unit Owners.

A resolution adopting a proposed amendment to correct an error or omission not adversely affecting property rights of Owners may be proposed by either the Board or by Members and shall be approved by at least fifty per cent (50%) vote of the Board and of the membership of the Association.

19.3. Amendments to Require Properties Consent

Until Properties has sold and conveyed all of the Units, any and all amendments must be approved and consented in writing to by Properties.

19.4. Execution and Recording

A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted, which certificate shall be executed by the officer of the Association with the formalities of a deed. The amendment shall be effective when such certificate and a copy of the amendment are recorded in the current public records of Citrus County, Florida.

19.5. Future Statutory/Regulatory Changes

BK 1388 PG 132 / 2000 OC 19 PM 3:13

In the event Federal Laws and/or Federal Regulations or State of Florida Statutes and/or Regulations are enacted which override any provision of this Declaration or a court of competent jurisdiction declares any provision of this Declaration to be null and void, then the Board of Directors will promulgate and record revised provision(s) to bring them into compliance with the laws or regulations and further will be required to send a copy of the executed and recorded Amendments to all Unit owners.

20. PROPERTIES'S UNITS AND PRIVILEGES

Properties until all of the Units have been sold and closed, shall be irrevocably empowered, notwithstanding anything herein to the contrary; to sell, lease or rent Units to any person approved by Properties. Properties shall also have the right to transact upon the Development any business necessary to consummate the sale of the Units, including, but not limited to, the right to maintain models, have signs, staff employees, maintain offices, use the Common Areas and show the Units. Any sales office, signs, fixtures or furnishings or other tangible personal property belonging to Properties shall not be considered Common Areas and shall remain the property of Properties.

21. NON-APPLICABILITY OF PARAGRAPHS 11 AND 12 TO AN INSTITUTIONAL MORTGAGEE.

In the event any Institutional Mortgagee, for any reason, through foreclosure or otherwise, obtains title to any portion of the Land or Units covered by this Declaration, in that event, Paragraph 11 and 12 of this Declaration shall not apply to sales and/or leases of any Institutional Mortgagee.

22. SUBORDINATION

No breach of any of the conditions herein contained or re-entry by reason of such breach shall defeat or render invalid the lien of any mortgage made in good faith and for value as to the Development or to any Unit herein; provided, however, that such conditions shall be binding on any owner whose title is acquired by foreclosure, trustee's sale or otherwise.

23. ADDITIONAL SECTIONS

It is contemplated that there may be additional sections of the Development created by Properties from time to time on lands adjacent to or near the Land, which sections may be operated and managed in conjunction with this Development through the Association provided that the Association and Properties affirmatively agrees to do so. Each such section will be and remain a separate development; but may be operated and managed as aforesaid through the Association in conjunction with other sections of the Development, collectively, so that there will be common control, unity of policy, procedure, management, and purpose among all sections of the Development and the Owners and their respective successors an assigns acknowledge and agree to the foregoing.

2000 OCT 14 PM 3:13

BK 1388 PG 1322

24. CONVEYANCE OF INTEREST IN COMMON AREAS.

Properties, having conveyed its remaining one-half (½) undivided interest in the Common Areas to the Association, has the following rights which may be exercised by the filing of a corrected deed:

The Deed from Properties may reserve any and all easements as might be reasonably required for drainage and utility purposes for the development and operation of adjacent property presently owned by Properties. Properties may further reserve easements for pedestrian access provided the location and form of such shall be mutually agreed to by Properties and the Association both exercising their best good faith judgment. Properties shall upon agreement with the Association as to the location of said easement, reconvey the common areas by corrected deed to reflect the express reservation of that easement for pedestrian access to the Lake for the owners of Homes.

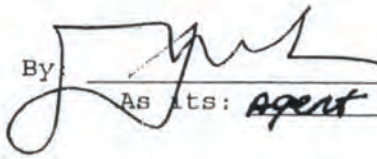
25. DURATION

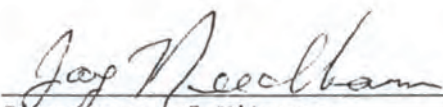
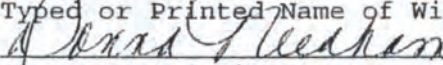
The covenants and restrictions of this Declaration shall run with and bind the Land, and shall inure to the benefit of and be enforceable by the association or any member thereof for a period of twenty-five (25) years from the date hereof. Thereafter, they shall be automatically extended for additional twenty-five (25) years unless otherwise agreed to in writing by the then owners of at eighty per cent (80%) of the unit owners.

IN WITNESS WHEREOF, Properties and the Association caused the execution of this Amended And Restated Declaration this 10 day of OCTOBER 2000.

Signed and sealed in the presence of:

PRITCHARD ISLAND PROPERTIES, INC.,
successor in interest to the rights
of the original developer under the
original Declaration and to AMSOUTH
BANK OF FLORIDA,

By: 
As ats: AGENT


Signature of Witness
JAY NEEDHAM
Typed or Printed Name of Witness

Signature of Witness
DONNA NEEDHAM
Typed or Printed Name of Witness

2000 OC 16 PM 3:14
BK 1388 PG 1323

PRITCHARD ISLAND HOMEOWNER'S ASSOCIATION, INC., a Florida not-for-profit corporation,

By: Rose Z. Eshelman
As Its: President

Jay Needham
Signature of Witness

JAY NEEDHAM
Typed or Printed Name of Witness

Donna Needham
Signature of Witness

DONNA NEEDHAM
Typed or Printed Name of Witness

STATE OF FLORIDA
COUNTY OF CITRUS

The foregoing instrument was acknowledged before me this 10TH day of OCTOBER 2000, by J. W. MORTON as _____ of PRITCHARD ISLAND PROPERTIES, INC., he personally being know to me (or who produced _____ as identification).

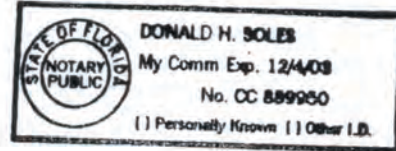
Donald H. Soles
Signature of person taking acknowledgment

DONALD H. SOLES
Typed or Printed Name

12/4/03
Commission expiration date

CC 889950
Serial number, if any

SEAL



STATE OF FLORIDA
COUNTY OF CITRUS

The foregoing instrument was acknowledged before me this 10TH day of OCTOBER 2000, by ROSE Z. ESHELMAN as PRESIDENT of PRITCHARD ISLAND HOMEOWNER'S ASSOCIATION, INC., he personally being know to me (or who produced _____ as identification).

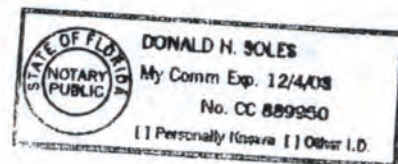
Rose Z. Eshelman
Signature of person taking acknowledgment

DONALD H. SOLES
Typed or Printed Name

12/4/03
Commission expiration date

CC 889950
Serial number, if any

SEAL



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BK 1388 PG 1324