

This instrument was prepared
by and return to:
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DECLARATION OF PROTECTIVE COVENANTS, RESTRICTIONS AND
EASEMENTS OF CORAL HAMMOCK, A VACATION HOME DEVELOPMENT

THIS DECLARATION, made by CORAL HAMMOCK, LLC, a Florida limited liability company, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the sole fee simple equitable and legal owner of all of that certain real property located in Monroe County, Florida more particularly described in Exhibit A annexed hereto (the "Property"); and

WHEREAS, in order to develop the Property into a vacation home community known as "Coral Hammock, a Vacation Home Development" (hereinafter, "The Hammock") and preserve and enhance the values and amenities of The Hammock and the architectural integrity and standard of The Hammock, it is necessary to declare and subject the Property to certain land use covenants, easements, restrictions, reservations, regulations, burdens and liens and to delegate certain powers, controls, easements and other rights to the property owners' association to be formed for such purposes; and

WHEREAS, Declarant has caused the Association, the Members of which shall be the respective Owners of Residential Units in The Hammock, to be formed for the purpose of exercising the functions aforesaid; and

WHEREAS, Declarant intends to develop and/or operate all of the properties comprising The Hammock in various stages pursuant to a general plan and subject to certain covenants and restrictions, all running with title to the Property as hereinafter set forth.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, Declarant hereby declares that The Hammock shall be owned, held, transferred, sold, conveyed, used and occupied subject to the covenants, easements, restrictions, reservations, regulations, burdens and liens hereinafter set forth, and the provisions of this Declaration shall be covenants running with the lands which comprise The Hammock, i.e. the Property, and shall be binding on all parties having any right, title or interest in The Hammock or in any portion thereof, their heirs, personal representatives, successors and assigns and shall inure to any portion of The Hammock. The easements, restrictions, covenants, conditions, reservations, liens, charges and equitable servitudes set forth herein shall (i) run with the title to The Hammock or any portion thereof (including the respective appurtenances thereto) and the Common Properties and shall be binding upon and inure to the benefit of all persons having any right, title or interest therein, or any part thereof, their heirs, executors, personal representatives, successors and assigns; (ii) shall, without limiting the generality of the foregoing, inure to the benefit of and be binding upon Declarant, its successors and each Owner, and his, her or their respective successors-in-interest and his, her or their agents, savants, employees, contractors, tenants, invitees, licensees and guests; and (iii) may be enforced by any Owner and any Owner's successors-in-interest, including a mortgagee who has acquired the interest of any Owner by foreclosure or by deed in lieu of foreclosure, by the Association, and by the

Declarant so long as it owns any portion of the Property (including, but not limited to, any Lot, Residential Unit or other portion of The Hammock).

ARTICLE I

ESTABLISHMENT OF CORAL HAMMOCK

1.1. Establishment. The Hammock is hereby established by Declarant and the Property is hereby governed, restricted and in all manner encumbered by this Declaration and all amendments hereafter made in accordance with the provisions herein.

1.2. Existing Property. The parcel of real property which is presently owned in fee simple by Declarant and which shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Monroe County, Florida and is more particularly described in Exhibit A annexed hereto.

1.3. Development Plan. The property described in Exhibit A herein is being developed as a vacation home development consisting of up to 55 vacation homes (each, a "Residential Unit") to be known as Coral Hammock, a Vacation Home Development. Each Residential Unit will be owned by an owner, as hereinafter defined, in fee simple. Reference herein to properties within The Hammock shall not create any right title or interest therein or constitute constructive notice thereof of any right, title or interest by any person or persons claiming by, through, under or against Declarant unless and until said property, or any portion thereof, has been deeded by the Declarant to an Owner. Nothing herein contained shall impose upon the Declarant an obligation or commitment to develop and construct or complete the development plan. Further, notwithstanding that an Owner may have acquired a Residential Unit as then depicted in a site plan proposed by Declarant, any reliance given to such site plan by an Owner shall not prohibit Declarant from modifying the site plan for The Hammock. Specifically, Declarant reserves all rights and powers provided in this Declaration, including, without limitation, the right to amend the Zoning Agreements for the purpose of decreasing or increasing the aggregate number of Residential Units buildable on the Property, and those additional rights, reservations and exemptions more particularly enumerated in Articles XI and XII hereof.

ARTICLE II

DEFINITIONS

2.1. Interpretation and Flexibility. The defined terms set forth below shall apply to all capitalized terms used in this Declaration unless the context shall require a contrary interpretation. In the event of any ambiguity or question as to whether any person, entity, property or improvement shall fall within any of the definitions contained in this Article, Declarant's determination (as evidenced by a recorded amendment to this Declaration) shall be binding and conclusive.

2.2. "Affiliate" shall mean, when used to modify the term "Declarant", any person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Declarant. The term "control" as used in this definition means the possession, direct or indirect of the power to direct or cause the direction of the management and policies of person, corporation, partnership or other association, whether through the ownership of voting securities, by contract or otherwise.

2.3. "Articles" means the Articles of Organization of the Association which have been filed in the office of the Secretary of State, State of Florida for the Coral Hammock Property Owners' Association, Inc., a Florida not-for-profit corporation, as the same may be amended from time to time.

2.4. "Assessment" means a share of the funds required for payment of Common Expenses, which from time to time is charged to the Residential Unit Owner(s).

2.5 "Assigns" means any person to whom some or all rights of a Owner have been validly transferred by sale, lease, mortgage or otherwise.

2.6 "Association" means the Coral Hammock Property Owners' Association, Inc., a not-for-profit Florida corporation, which is the entity responsible for the operation of The Hammock.

2.7 "Board of Administration" or "Board" means the board of directors responsible for administration of the Association.

2.8 "Building(s)" means the building(s) consisting of the attached, semi-detached and detached townhome-like structures and other improvements situated on the Property, all as more fully described herein.

2.9 "By-Laws" means the by-laws of the Association, as they exist from time to time.

2.10 "Committee" means the Architectural Control Committee.

2.11 "Common Expenses" means all expenses and assessments properly incurred by the Association for The Hammock, including, without limitation:

A. expenses of operation, maintenance, repair or replacement of Common Properties;

B. costs of carrying out the powers and duties of the Association; and

C. any other expenses designated as Common by this Declaration or the By-Laws.

2.12 "Common Properties" means those portions of The Hammock excluding all Residential Units but including the entranceways, lighting equipment, roadways, easements, sidewalks and walkways, paths, lawns, fire lanes, green belts, fences, parking areas and Recreational Facilities, and personal property used in connection with such portions of The Hammock; where the context so requires "Common Properties" shall include Limited Common Properties, as hereinafter defined, and portions of the Residential Unit for which the Association has the responsibility to maintain, e.g. Common Roofs.

2.13 "Common Receipts" means the following items collected by the Association on behalf of the Members:

A. funds collected from Owners for payment of Common Expenses or otherwise; and

B. receipts designated as common by law, this Declaration or the By-Laws.

2.14 "Common Roof" means any roof which is a unitary roof covering all or part of one Residential Unit in common with all or part of the roof of an adjoining Residential Unit. A Common Roof is distinguished from "roof overhang" and "encroachment" which are more particularly described in Article 3 of this Declaration.

2.15 "Common Surplus" means the excess of all Common Receipts over Common Expenses.

2.16 "County" means Monroe County, Florida and its duly authorized agencies and authorities, as applicable.

2.17 "Declarant" means (a) Coral Hammock, LLC, a Florida limited liability company, its successors and those to which Declarant's rights hereunder shall be assigned specifically; and (b) for purposes of taking actions on Declarant's behalf under this Declaration, Declarant's duly appointed

agent(s). Declarant shall have the right to assign all or a portion of its rights hereunder in connection with all or a portion of The Hammock. In the event of any partial assignment, the assignee shall not be deemed a "Declarant," but shall have all such rights as specifically assigned to it. As used with regard to Declarant, "successors and/or assigns" specifically does not include transferees of individual Residential Units.

2.18 "Declaration" means this Declaration of Covenants, Restrictions and Easements of Coral Hammock, a Vacation Home Development, being established pursuant to this Declaration, including all Exhibits annexed hereto, as well as all amendments to this Declarations, if and when filed of record.

2.19 "Development Order" means that certain Development Order approved by Monroe County for The Hammock which was entered on December 17, 2002 and recorded in the public records of Monroe County on January 17, 2003 in Official Records Book 1851 at Page 462 of the Public Records of Monroe County, Florida, and as the same may be amended from time to time.

2.20 "Improvement" means any structure or artificially and intentionally created condition, together with all appurtenances thereto, of every type and kind located within The Hammock, including, without limitation, buildings, walkways, bulkheads, sprinkler pipes, roads, sidewalks, alleys, street lights, driveways, parking areas, fences, screening walls, retaining walls, stairs, docks, landscaping, windbreaks, planted trees and shrubs, conduits for telephone lines, storm drainage, cable television lines and site lighting poles, signs and shared equipment and/or utility-type services such as water, sewer and electrical systems, and other commonly shared equipment and/or utility-type services, if any.

2.21 "Institutional Lender" means any bank, insurance company, FHA approved mortgage lending institution, recognized pension fund investing in mortgages or federal or state savings and loan association which has a mortgage lien upon any Residential Unit or which has acquired and holds title to such Residential Unit either as a result of its foreclosure of any such mortgage lien or by its receipt of a deed in lieu of foreclosure.

2.22 "Insurance Trustee" means a bank, insurance company, federal or state savings and loan association which has been approved pursuant to Article 14 hereof.

2.23 "Limited Common Properties" means those portions of the Common Property which are for the exclusive use of the Management Company, the Association, or one or more specified Residential Units to the exclusion of other Residential Units, as the case may be.

2.24 "Lot" means a vacation home lot, as tentatively shown in the Master Site Plan, and as ultimately determined in the surveyor's certificate to be attached to the deed of conveyance from Declarant to an Owner, which deed shall be recorded in the County, and any and all improvements thereon.

2.25 "Management Company" means _____, a Florida corporation, its successors or assigns, offering management services for the renting, maintenance and related services to Owners to facilitate the renting of Residential Units to vacationers and other transient users.

2.26 "Master Site Plan" means the Master Site Plan of the Property filed with and approved by the County, as same may be amended from time to time.

2.27 "Member" means member of the Association.

2.28 "Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Residential Unit.

2.29 "Property" means the real property described in Exhibit A, as the same may be amended from time to time by Declarant by acquiring other portions of real property contiguous to the real property described on Exhibit A.

2.30 "Recreational Facilities" means the tennis courts, pools, pool docks and pool houses, and park area as the same may be hereinafter ultimately constructed and located by Declarant and as the same may be thereafter altered, amended or relocated hereinafter by the Declarant in its sole discretion.

2.31 "Rental Agreement" means the rental agreement which an Owner may, at Owner's election, enter into with Management Company for the purpose of renting and managing the Owner's Residential Unit.

2.32 "Rental Agreement Participant" means an Owner who enters into a Rental Agreement.

2.33 "Renter" means the person or persons renting a Residential Unit for vacation or other transient purposes pursuant to an arrangement directly between an Owner or through the Management Company.

2.34 "Residential Unit" means each attached, semi-detached or detached, residential dwelling together with that portion of land located within the property line of the area to be deeded in fee simple by the Declarant to Owner. Each such Residential Unit's boundary line shall be specifically set forth on a deed of conveyance from Declarant and with reference to a survey. The Declarant reserves the right to adjust the boundary lines between adjoining Residential Units at any time prior to the initial conveyance thereof to Owner by Declarant. Any such adjustment in boundary lines of Residential Units will be recorded by Declarant in the public records of the County, as an amendment to this Declaration. It is hereby declared that by reason of this Declaration each parcel of real property and Residential Unit shall be legally described and conveyed with the form of reference as follows:

Residential Unit ____ of Coral Hammock, according to the Declaration of Protective Covenants, Restrictions and Easements of Coral Hammock, a Vacation Home Development, as recorded in Official Records Book ____ at Page ____ of the Public Records of Monroe County, Florida, and any amendments thereto.

and with the attachment as an exhibit to the deed of the metes and bounds description for Lot and Residential Unit.

2.35 "Utility Residential Unit" means that portion of the Common Property designated by Declarant as Limited Common Property together with the Improvements constructed thereon by Declarant for the purpose of storing supplies, linen and otherwise providing a structure for the undertaking of responsibilities and performing services by the Management Company in the operation of its duties under Rental Agreements (or such other permitted uses approved by the Association upon assignment of the Utility Residential Units to a successor management company or Owner after the Management Company is no longer providing a rental management program to Owners).

2.36 "Voting Interest" means the right to vote the respective votes assigned to Residential Units. Each Residential Unit shall have one (1) vote.

ARTICLE III **PROPERTY RIGHTS**

3.1 Owner's Easement of Enjoyment. Every Owner shall have a non-exclusive, common right and easement of ingress and egress and of enjoyment in, to and over, and use of, the Common Properties which easement right shall be appurtenant to and shall pass with but shall not be separated from title to every Residential Unit within The Hammock, subject to the following conditions:

A. The right of the Association to reasonably limit the number of guests, invitees or licensees using the Common Properties, except as provided by law or herein to the contrary. Any such limitation which unfairly discriminates against Renters, as opposed to Owners, shall be unreasonable and unenforceable.

B. Uniform rules and regulations established by the Association from time to time pertaining to the use of the Common Properties, Residential Units and the Lots including, but not limited to, all parking restrictions established by the Association from time to time within the Common Properties.

C. The right of the Association, in accordance with its Articles of Incorporation, Bylaws and this Declaration, with the vote or written assent of two-thirds (2/3) of the votes of Members in the Association, to borrow money for the purpose of improving the Common Properties and facilities and in connection therewith, to mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such mortgagee shall be subordinate to the use rights of the Owners hereunder.

D. The right of the Association to suspend the right to use the Common Properties (except means of ingress and egress) of an Owner for any period during which any Assessment against such Owner's Residential Unit remains unpaid and delinquent; and for a period not to exceed thirty (30) days for any single infraction of this Declaration or the rules and regulations of the Association, provided that any suspension of such voting rights or right to use the Common Properties shall be made only by the Board as provided in the Bylaws of the Association.

E. The right of the Association to dedicate, release, alienate, transfer or encumber all or any part of the Common Properties to or in favor of any public agency, authority or utility at any time and from time to time for such purposes and subject to such conditions as may be agreed to by the Members. So long as Declarant owns any portion of the Property, such dedication, release, alienation or transfer shall be effective without the approval, vote or written assent of the Members in the Association. At such time as Declarant owns no portion of the Property (or any part of future added real estate subjected to this Declaration so the term "Property" as used herein includes such added real estate), no such dedication, release, alienation or transfer shall be effective unless approved by the vote or written assent of two-thirds (2/3) of the votes of Members in the Association.

F. The right of the Declarant (and its agents, customers, representatives, servants, employees, licensees and invitees) to the non-exclusive use of the Common Properties, the facilities thereof, and an easement on, over, under and through the Common Property or any portion thereof without charge, for the purpose of construction, reconstruction, repair and maintenance of the Improvements including, but not limited to, utility lines and for sales, display, access, ingress, egress, exhibit and other purposes.

G. The right of the Association (by action of the Board) to reconstruct, replace or refinish any Improvement or portion thereof upon the Common Properties, in accordance with the original design, finish or standard or construction of such Improvement, or of the general Improvements within the Common Properties, as the case may be.

H. The right of the Association to replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the Common Properties or Lots and to maintain same and any systems serving same including, but not limited to, irrigation and sprinkler systems.

I. The right of the Association to permit portions of the Common Properties, including, but not limited to, recreational facilities, to be used by one or more Owners and their guests and Renters for private parties and other similar functions, subject to the right of the Association to impose reasonable conditions and limitations on such use, including, but not limited to, the posting of a deposit to insure proper conduct and necessary clean-up and repairs.

J. The right of the Declarant to grant such other easements and rights over and upon the Common Properties as Declarant in its sole discretion, deems appropriate, including, without limitation, rights of the public to access by, through, across and upon the Common Properties (which easements and rights shall be similarly granted by the Association).

K. The rights set forth in Article 16 hereof.

L. The rights set forth in Article 17 hereof.

M. The right of Declarant and the Association, subject to the provisions of applicable law, to restrict access, ingress and egress to and from the Hammock by maintaining a controlled entry system at locations designated by Declarant or the Association from time to time and such other restrictions as the Declarant or the Association shall impose from time to time.

N. The right of Declarant and the Association to designate a central exclusive mail facility for the purpose of receiving and distributing any and all mail, addressed to certain Owners, Renters and occupants at The Hammock.

O. Such other matters affecting title to the property within The Hammock and rights of governmental authorities.

P. As irrevocable power of attorney, coupled with an interest, of all Owners in favor of Declarant, for as long as Declarant owns any property, Residential Unit or Lot within The Hammock, to exercise any of the foregoing or other rights or discharge any of the foregoing or other obligations which may be set forth herein for the benefit of Declarant or as an obligation of any Owner. This power of attorney shall be self-operative and shall not require any additional instrument to effect same. An Owner, by acceptance of a deed, thereby acknowledges and confirms (and, to the extent required, grants) the power of attorney set forth herein.

Q. Anything to the contrary herein notwithstanding, no action authorized in this Section 3.1 shall be taken without prior written consent of the Declarant as long as the Declarant owns any property, Lot and/or Residential Unit within The Hammock.

3.2 Delegation of Uses by Others. Any Owner may delegate by lease, in accordance herewith and with the By-Laws, such Owner's right of enjoyment of the Common Properties and Recreational Facilities to such Owner's permitted Renters (but once so delegated, any such Owner shall not have such rights until the applicable lease expires, unless such Owner owns other Residential Units where such rights were not so delegated). All guests, invitees and licensees of Owners shall also be entitled to use the Common Properties, subject to applicable rules, regulations and limitations on such rights.

3.3 Parking Restrictions. Declarant shall have the right at any time and from time to time to designate areas within the Common Properties to be available for the parking of vehicles. Until such time as Declarant amends this Declaration for the purpose of specifically identifying the location of parking spaces for The Hammock, Declarant shall have the right to locate and relocate all parking areas and parking spaces, in particular, in its absolute discretion. It is the intent of such right for the Declarant to have maximum flexibility in relocating Lots and Residential Units during the construction phase of the development.

A. All parking spaces shall be limited to designated portions of the Common Properties, and the maintenance and repair of these parking spaces shall be effected by the Association in the manner set forth hereinafter. Until finally designated by Declarant, Declarant, or Association with the consent of Declarant, shall temporarily designate parking areas and parking spaces for The Hammock.

B. Any Owner of a Residential Unit shall have the right to the use of at least one (1) parking space, and no Owner shall be permitted to park more than two (2) vehicles on the Common Properties at the same time. Any attempted assignment or transfer to a third party of any parking privilege without the consent of the Association shall be void. The Association shall have the right to impose a reasonable fee for the privilege of any Owner to parking privileges in excess of one vehicle. All consideration, fees or other charges collected by Association for parking privileges shall be the sole property of and shall be retained by the Association.

C. Until all parking areas and parking spaces are finally determined by Declarant through the filing of an amendment to this Declaration for such purpose, all parking spaces may be used by Declarant or its designees for any purpose without interference from the Association. Anything to the contrary notwithstanding, any parking space assigned pursuant to Section 3.3A may be relocated by Declarant until The Hammock has been fully constructed, all Lots have been transferred by Declarant to Owners of Residential Units unaffiliated to Declarant, and the amendment to this Declaration designating final parking spaces has been recorded in the County.

D. The Association shall not adopt parking rules, fees or other restrictions which unreasonably restrict Renters of Residential Units from using such Common Properties or which discriminate against Renters of Residential Units over Owners of Residential Units.

3.4 Walkways. Declarant, and after conveyance of the Common Properties (including Limited Common Properties) to the Association, the Association, shall have the right to designate and construct walkways over the Common Properties.

A. Such walkways maybe designated by various means including signage and by means of the materials used to construct such walkways, e.g., boardwalk slates, concrete, asphalt, etc. After the designation by signage or construction of the walkways, Declarant shall have the continuing right from time to time (until conveyance of the Common Properties to the Association) to modify, alter, discontinue on a temporary or permanent basis, or relocate walkways. After the Dociarant conveys the Common Properties to Association, the Association shall have the right to modify, alter, discontinue on a temporary or permanent basis, or relocate walkways.

B. All walkways located on the Common Properties shall be restricted to pedestrian use as a walking path for the limited purposes of light exercising, recreational strolling, and viewing of the ecological surroundings, sunrises and sunsets.

C. The following restrictions shall apply to the walkways:

(1) No vehicles of any kind shall be permitted on walkways except for strollers for small children, wheel chairs and other manual or electrically powered apparatuses for persons disabled by physical handicaps or suffering from other disabling infirmities, and electrically powered carts owned or approved by the Association for the maintenance operation and control of The Hammock;

(2) No chairs, lounges, mats or other articles for sitting, lying, reclining or other non-walking activities shall be permitted on or within 50 feet of the walkways;

(3) No person shall loiter or otherwise use any portion of the walkways for any extended period oftime, it being the intent of these restrictions to limit gatherings in one location and to promote the use of walkways as a peaceful, designated path for the purpose of quietly meandering through The Hammock while enjoying the scenery and, in particular, sunrises and sunsets;

(4) No commercial activities of any kind shall be permitted on the walkways; and

(5) No entertainment of any kind shall be permitted on or within fifty (50) feet of the walkways.

D. The Association shall adopt such additional restrictions on the use of walkways as the Board shall deem in the best interest of the Owners in order to balance the protection of Owners, their guests and Renters, from unnecessary noise or view obstructions while occupying their Residential Units with the opportunity of all Owners, their guests and Renters, to enjoy the Common Properties.

3.5 No Waiver of Use. No Owner may release his Lot or Residential Unit from assessments and liens hereunder by waiver of the use and enjoyment of the Common Properties.

3.6 Conveyance of the Common Properties. After all Lots and Residential Units have been conveyed to purchasers other than a Declarant Affiliate, or sooner at the option of the Declarant, the Declarant shall convey all of the Common Properties to the Association, and the Association shall accept said conveyance. The Common Properties shall be conveyed by Special Warranty Deed by Declarant. Such conveyance shall be free and clear of all liens and encumbrances, and subject only to:

A. All taxes and assessments for the year of conveyance and subsequent years;

B. Restrictions, conditions, easements, agreements, limitations, and reservations of record;

C. Perpetual non-exclusive easements from and to any portion of the Property within The Hammock owned by the Declarant or its assignees at the time of the conveyance, which easements shall be for the use, benefit and enjoyment of Declarant, the Owners, its or their guests, invitees, licensees, successors and assigns;

D. The Zoning Agreement; and

E. This Declaration, as the same may be amended from time to time.

3.7 Declarant's Right to Encumber. Until the Declarant conveys the Common Properties to the Association, Declarant shall have the right to mortgage the Common Properties for the purpose of financing the development and construction thereof, or for any other purpose, provided that (a) the lender recognizes the rights of the Owners hereunder, (b) the Common Properties shall be free of mortgages at the time of conveyance to the Association, and (c) the Association or any of the Members (other than Declarant, if it so chooses) shall not be personally liable for payment of the debt secured by such mortgage(s).

3.8 Common Properties for Benefit of Owners. The Declarant, and after conveyance to it, the Association, shall hold title to (and such rights in) the Common Properties for the benefit of those persons entitled to use same under the provisions of this Declaration (which shall be applicable from and after the date this Declaration is recorded whether or not the Common Properties are then owned by the Association).

3.9 Taxation of Common Properties. It is the intent of this Declaration that the Tax Assessor of the County shall include all ad valorem taxes for the Common Properties within the tax bill for the individual Residential Units. In the event the Association is taxed for the Common Properties, the Association shall pay such taxes and assess the Residential Units on a prorata basis based upon the current ad valorem tax assessments as determined by the county tax assessor as part of the Common Expenses.

3.10 Construction Activities. Declarant, its agents, contractors, subcontractors, licensees and/or other designees may, from time to time, be engaged in construction, excavation, and other activities within or in proximity to The Hammock. By acceptance of a deed or other conveyance or mortgage, leasehold,

license or other interest, each such Owner, lender and user and their respective successors and assigns automatically acknowledge, stipulate and agree:

A. None of the aforesaid activities shall be deemed a nuisance or offensive activity;

B. Not to enter upon or allow other persons under their direction or control to enter upon any portion of The Hammock where such activity is being conducted (even if not being conducted actively at the time of entry, such as at night or otherwise during non-working hours); and

C. Declarant, its agents, contractors, subcontractors, licensees and designees, shall not be liable for any direct or consequential losses, damages, injuries or deaths arising from or relating to the aforesaid activities.

3.11 Declarant's Reserved Rights. All of the foregoing property rights are subject to the rights reserved by the Declarant in this Declaration including those rights and exemptions in Articles XI and XII hereof.

3.12 Prohibition of Subdivision of Residential Units. Unless preapproved in recordable form by Declarant, no Residential Unit shall be subdivided or broken into smaller parts than as constructed by Declarant and described in the surveyor's certificate attached to the deed of conveyance from the Declarant to the transferee-Owner of such Residential Unit, nor shall any Residential Unit or portion thereof be added to or incorporated into any other Residential Unit.

ARTICLE IV **ASSOCIATION MEMBERSHIP AND VOTING RIGHTS**

4.1 Automatic Membership. Every Owner automatically shall be a member of the Association upon becoming the Owner of such Residential Unit and shall remain a member until his ownership ceases for any reason, at which time his membership shall cease automatically. Other than as an incident to a transfer of title to a Residential Unit, membership in the Association shall not be transferable and any attempted transfer shall be null and void. No person, firm or corporation holding any lien, mortgage or other encumbrance upon any Residential Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance to membership in the Association, or to any of the rights or privileges of such membership.

4.2 Limitation Upon Liability of the Association. Notwithstanding its duty to maintain and repair the Common Properties, the Association shall not be liable to Owners for injury or damage, other than the cost of maintenance and repair caused by latent conditions of the Common Properties. Further, the Association shall not be liable for any such injury or damage caused by defects in design or workmanship or any other reason connected with any additions, alterations or improvements made by or on behalf of any Owner(s).

4.3 Declarant's Representation on the Board and Voting Rights. Declarant reserves unto itself the following rights notwithstanding any other provision in this Declaration, the Articles or the By-Laws:

A. Members other than the Declarant are entitled to elect at least a majority of the members of the board of directors of the Association when the earlier of the following events occurs:

(1) Three months after 90 percent of the Residential Units in all phases of the community that will ultimately be operated by the Association have been conveyed to members; or

(2) Such other percentage of the Residential Units has been conveyed to members, or such other date or event has occurred, as is set forth in the governing documents in order to comply with the requirements of any governmentally chartered entity with regard to the mortgage financing of parcels.

(3) For purposes of this section, the term "members other than the Declarant" shall not include builders, contractors, or others who purchase a parcel for the purpose of constructing improvements thereon for resale.

B. The Declarant is entitled to elect at least one member of the board of directors of the Association as long as Declarant holds for sale in the ordinary course of business at least 5 percent of the Residential Units in all phases of the community. After the Declarant relinquishes control of the Association, the Declarant may exercise the right to vote any developer-owned voting interests in the same manner as any other member, except for purposes of reacquiring control of the Association or selecting the majority of the members of the board of directors.

4.4 Declarant's Right to Transfer Voting Rights. Declarant shall have the right to transfer all or any portion of its voting rights and/or any or all of its rights to appoint members of the Board and hereby reserves the right to transfer any or all of its voting rights and any or all of its rights to appoint members of the Board. The number of votes entitled to be cast, if any, and/or the number of members of the Board entitled to be appointed which are transferred by Declarant shall be set forth in the deed of conveyance or other instrument of conveyance by the Declarant in Declarant's sole and absolute discretion. Such transferee, upon becoming the record owner of any portion of the Property shall be entitled to exercise the privilege of voting and/or of appointing such number of members to the Board as designated as aforesaid in the deed or other instrument of conveyance. The voting rights so transferred by Declarant shall not be thereafter assigned or transferred by such transferee of Declarant without Declarant's written consent, which consent may be unconditionally withheld. Anything to the contrary herein notwithstanding, (a) Declarant shall have the right to transfer its voting rights to a transferee who may or may not be an Owner, including, without limitation, any institutional lender, and (b) the restriction of transferring voting rights as stated herein shall not be imposed upon or affect any institutional lender acquiring a Lot or Residential Unit through foreclosure or deed-in-lieu of foreclosure.

4.5 Voting Rights. Subject to the Declarant's voting rights in Section 4.3 hereof, each unimproved Lot or Residential Unit shall be entitled to one (1) vote to be cast by the Owner. When more than one person holds an interest in a Lot or Residential Unit, the vote for such Lot or Residential Unit shall be cast by the Owner designated in a certificate filed with the Association and signed by all persons owning an interest. The vote for each Lot or Residential Unit is indivisible. Membership in the Association shall be appurtenant to and may not be separated from ownership of a Lot or Residential Unit. Transfer of ownership, either voluntarily or by operation of law, shall terminate membership in the Association, and said membership shall thereupon be vested in the transferee. Notwithstanding anything contained in this Declaration to the contrary, until such time as Declarant shall have conveyed all the Lots (whether or not improved with Residential Units) contained within The Hammock, exclusive of conveyances to entities related to or affiliated with Declarant or conveyances to other Declarants, or until Declarant sooner shall elect to transfer control to the non-Declarant members of the Association, Declarant shall have the sole and exclusive right to elect all officers and directors of the Association. During the period of Declarant's control, all Owners other than Declarant shall have a non-voting membership in the Association unless this provision is waived in writing by Declarant. In the event Declarant, in its absolute discretion, elects to turn over control of the Association to the Owners prior to the required turnover, Declarant shall retain the right to appoint one (1) Director to the Board for so long as Declarant or an entity related to Declarant owns a Lot or Residential Unit within The Hammock.

ARTICLE V

DUTIES AND POWERS OF THE ASSOCIATION

5.1 In General. The Association shall govern, operate, control, manage and maintain the Common Properties, pursuant to the terms and provisions of this Declaration, the Articles of Incorporation and the By-Laws. The Association shall pay all real property ad valorem taxes and all governmental liens

assessed against the Common Properties. The Association shall further have the responsibility to hire personnel and to maintain, repair, and replace the Common Properties, including, without limitation, street lights and the community sign, at the expense of the Association.

5.2 Additional Powers of Association. The Association, acting through the Board, shall also have the power and duty to:

A. Maintain, protect, repair, replace and otherwise manage the Common Properties, including without limitation, all Improvements thereon in accordance with the provisions of this Declaration;

B. Preserve and enhance the natural beauty of The Hammock and the properties of the Members of this Association;

C. Promote the health, safety and social welfare of the Owners;

D. Own, operate, govern, administer and manage the Common Properties;

E. Control the specifications, architecture and design appearance of The Hammock, including, but not limited to, elevation and location of, and landscaping around, all improvements of any type, including: walls, fences, swimming pools, dune crossings, antennae, sewers, drains, disposal systems, or other structures constructed, placed or permitted to remain in The Hammock, as well as the alteration, improvement, addition or change thereto in order to preserve and maintain an integrated architectural design within The Hammock;

F. Insure compliance with the Zoning Agreement and to maintain all permits for the operation of The Hammock, of whatever nature, as required by governmental entities having jurisdiction over The Hammock;

G. Make and collect assessments, of any type, in accordance with the terms herein;

H. Control any waterways, lagoons, lakes and inlets in The Hammock and to comply with the terms of the South Florida Water Management District, the _____ Wastewater Treatment and such other water management system(s) serving The Hammock and any other permits, licenses and governmental approvals in connection with any waterways;

I. Provide for private security and/or telecommunications system(s) in The Hammock, and such other services the responsibility for which has been delegated to this Association by the terms hereof, and to provide capital improvements and equipment related thereto on the Common Properties;

J. Provide, purchase, acquire, replace, improve, maintain and/or repair such buildings, structures, landscaping, paving and equipment, both real and personal, related to the health, safety, and social welfare of the Members as the Board, in its discretion, determines to be necessary, appropriate, and/or convenient;

K. Preserve scenic assets, natural features and natural and man-made recreational areas in The Hammock, to the maximum extent feasible;

L. Oversee the general operation and maintenance of The Hammock in such a manner as to prevent substantial injury to the use and value of all or any part of The Hammock;

M. Operate without profit for the sole and exclusive benefit of its Members;

N. Assure that the provisions of the Declaration are duly enforced;

O. Maintain all private streets within the Common Properties, including cleaning and periodic resurfacing, and to maintain, operate and replace any street lights now located or to be installed on the Common Properties;

P. For the benefit of the Common Properties and the entire Project, (i) obtain all commonly metered water, sanitary sewage, gas and electric services and other such utilities or services, and (ii) provide for all refuse collection and cable or master television service (if any), as necessary. Nothing herein shall create any liability on the part of the Association for consequential or other damages resulting from the inability of the Association to so obtain, produce, circulate and provide any of the foregoing services for reasons beyond the Association's reasonable control, nor prohibit the Association from temporarily interrupting the foregoing services in order to effect necessary repairs, maintenance and replacement;

Q. Grant easements, rights of way or strips of land, where necessary, for utilities, and sewer facilities and other services over the Common Properties to serve the Common Properties and other portions of The Hammock;

R. Maintain such policy or policies of liability, fire, flood, windstorm and other insurance with respect to the Common Properties and personal property located thereon or used in connection therewith, if any, owned by the Association or the Declarant as provided herein in furthering the purposes and protecting the interests of the Association and Members and as directed by this Declaration and the By-laws of the Association;

S. Employ or contract with a management company (which may be an affiliate of Declarant) to perform all or any part of the duties and responsibilities of the Association, and delegate, at the option of the Board, its powers to committees, officers and employees (which may also be employees of association(s) in The Hammock, in which case compensation shall be equitably apportioned); provided, however, so long as the Management Company is offering its rental program to the Owners, the Association shall not employ or contract with a management company or other entity for the purposing of providing rental services on behalf of Owners;

T. Install and maintain security devices, detectors and communications facilities, and employ or contract for employment of security services, guards and watchmen for the Common Properties, if so desired by the Board;

U. Operate and maintain (or contract for the operation and maintenance) of a cable TV or similar system for the benefit of Owners as specified herein, if so desired by the Board;

V. To enter into agreements to manage the Associations and maintain the exterior landscaping and grounds of all Residential Units within The Hammock;

W. Take such other action which the Board shall deem advisable with respect to The Hammock as may be permitted hereunder or under law;

X. To do and perform all such other acts and things permitted and to exercise all powers granted to a corporation not for profit under the laws of the State of Florida as those laws now exist or as they may hereafter provide; and

Y. To comply with all federal, state and local requirements concerning environmental protection including, but not limited to: the compliance with all water quality monitoring requirements and the maintenance of the storm water management system.

5.3 Association Expenses. The Association shall, through the Board, fix and determine from time to time the sum(s) necessary and adequate to provide for the expenses of the Association. The expenses of the Association shall be assessed against the Owners as provided in Article VI hereof.

5.4 Title to Common Properties; Conveyances to the Association. The Association shall be obligated to accept any and all deeds of conveyance delivered to it by Declarant which deed(s) convey title to all or any portion of the Common Properties.

5.5 Rules and Regulations. The Board may from time to time adopt or amend Rules and Regulations governing the details of the operation, use, maintenance, management and control of the Lots, Residential Units and the Common Properties.

5.6 Budget and Accounting. The Board shall adopt a budget for each fiscal year. Such budget shall contain estimates of all costs and expenses for the proper operation, management and maintenance of the Common Properties, including a reasonable allowance for contingencies and reserves, and shall take into account the projected income which is to be applied in reduction of the amounts required to be collected as an assessment each year. Common Expenses also shall include the cost of maintaining leaseholds, memberships and other possessory or use interests in lands and facilities to provide enjoyment, recreation or other use or benefit to Owners, all as acquired by lease or agreement in form and content satisfactory to the Board, including amounts which the Association may agree to pay to Declarant for services or availability of service, including management. Assessments shall be established based upon such budget. The Association shall comply with Chapter 617 concerning the adoption, notice and other requirements for homeowner associations.

5.7 Reserves

A. Reserves for Capital Expenditures and Deferred Maintenance. Each annual budget shall include sums to be collected and maintained as reserves to be used for capital expenditures and deferred maintenance. These accounts shall include, but not be limited to, roof replacement, building painting, walkway replacement and pavement resurfacing. The amount to be reserved shall be computed by the Board by means of a formula based upon completed Residential Units transferred to non-affiliates of Declarant, and the estimated life and estimated replacement cost of each reserve item for such completed Residential Units. Such reserves may be waived or reduced for a fiscal year by the affirmative vote of at least one-half (1/2) of the Voting Interests of the Association at a duly called meeting of the Association. If such a meeting shall have been called and the necessary vote for waiver or reduction shall not have been attained or a quorum shall not have been obtained, the reserves as set forth in the budget shall go into effect.

B. General Operating Reserve. Each annual budget may include a sum to be collected and maintained as a general operating reserve, which sum may be used to meet deficiencies from time to time existing as a result of delinquent payment of assessments by Owners or as a result of emergencies or to pay other costs or expenses placing financial stress upon the Association. The amount to be allocated to such operating reserve and collected therefor shall not exceed ten percent (10%) of the current annual assessment levied against all of the Owners. Upon accrual in the operating reserve of a sum equal to thirty percent (30%) of the current annual assessments no further payments shall be collected, unless such operating reserve shall be reduced below the thirty percent (30%) level, in which event contributions to such operating reserve shall be included in the annual assessment so as to restore the operating reserve to thirty percent (30%) of the current annual assessment.

5.8 Collections. All monies collected by the Association shall be treated as the separate property of the Association. Such monies may be applied by the Association to the payment of any expense of operating the Association, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the By-Laws. Monies for any assessment paid to the Association by any Owner may be commingled with monies paid to the Association by the

other Owners. Although all funds and the Common Surplus shall be held for the benefit of the members of the Association, no member shall have the right to assign, hypothecate, pledge or in any manner transfer his interest therein, except as an appurtenance to his Residential Unit. When a Owner shall cease to be a member of the Association, the Association shall not be required to account to him for any share of the funds or assets of the Association, or for any sums which he may have paid to the Association.

5.9 Members' Rights. The Association shall be run by the Board and the Members shall only have such power as is specified herein or in the Articles or Bylaws. In the absence of a specific requirement of approval by Members, the Board may act on its own through its proper officers with or without a specific authorizing resolution.

5.10 Exterior Maintenance by the Association.

A. In addition to maintenance upon the Common Properties, and the maintenance of landscaping of individual Lots as provided in Section 5.11, the Association may provide exterior maintenance service to and upon any structure located on any Lot, Residential Unit or any property in The Hammock, provided such exterior maintenance is, in the opinion of the Board, required, including without limitation: paint; repair, roof repair and replacement; installation of gutters, downspouts and exterior building surfaces; yard clean-up; and otherwise maintaining the Common Properties. In addition, the Association may provide maintenance to the landscaping, sprinklers, trees, shrubs, grass, pools, walks, private drives and streets, Owner's irrigation systems, and may provide maintenance to other exterior improvements. To the extent such maintenance is provided in a manner satisfactory to the Association by an Owner, or by the Declarant for any part of The Hammock, such maintenance shall not be provided for or duplicated by the Association.

B. The provision of any exterior maintenance services by the Association to any property in The Hammock shall not be deemed to constitute and does not constitute any acceptance of the ongoing responsibility to maintain such properties. At such time as the Association renders exterior maintenance services, it shall do so at the sole expense of the responsible Owner(s) for which services such Owner shall be assessed in accordance with this Declaration as a Special Assessment.

C. The cost of such maintenance may be assessed as a Special Assessment against an Owner, or against the Residential Units, Lots or other property in The Hammock which, in the opinion of the Association, benefit from same. This exterior maintenance assessment shall be separate, apart and in addition to any annual or other special maintenance assessments. Any such exterior maintenance assessment shall be a lien on the Residential Unit, Lot and/or property within The Hammock and which is the subject of the maintenance assessment, shall be a personal obligation of the Owner and shall become due and payable in all respects, together with interest, charges, penalties and late fees as provided by the Board. The provisions of Article VI of this Declaration shall apply to any such Special Assessment for exterior maintenance.

5.11 Lawn and Landscaping Maintenance by the Association. The Association shall provide as a Common Expense the maintenance of all lawns and landscaping for the Common Properties and Lots.

5.12 Access at Reasonable Hours. Except in the case of emergency when no notice is required, for the purpose of performing the maintenance authorized by this Article, the Association, through its duly authorized agents or employees, shall have the right after five days' written notice to the Owner or the Declarant, to enter upon any Residential Unit or the exterior of any Residential Unit, Lot and/or property owned by the Declarant which is the subject of the maintenance assessment at reasonable hours on any day except on Sunday. Said notice shall be delivered either in person or mailed to the Owner or to the Declarant, by certified mail, return receipt requested. The notice shall be deemed given when mailed.

5.14 Access to Residential Units by Management Company. Provided Management Company has filed with the Association a current Rental Agreement for a Residential Unit, Management Company,

its agents and employees, shall be permitted access to such Residential Units without prior notice for the purpose of performing the maintenance and services authorized by the Rental Agreement.

5.15 Easement for Maintenance. The Association is hereby granted a non-exclusive easement to enter upon any Lot, the exterior of any Residential Unit, and any property in The Hammock owned by the Declarant in order to provide exterior maintenance service to and upon any structure located on or upon any of such enumerated properties in accordance with the terms of this Article, including, without limitation, the right to erect and maintain thereon scaffolding or other equipment required for such maintenance service.

5.16 Fines. Notwithstanding the availability of other remedies set forth elsewhere in this Declaration, the Association shall also have the power to assess reasonable fines to enforce any of the provisions of this Declaration, the By-Laws, or rules and regulations promulgated in connection therewith, provided only that appropriate notice and right to appear be granted to any subject to such fines.

ARTICLE VI ASSESSMENTS

6.1 Purpose. Assessments levied by the Association shall be used to promote the common health, safety, benefit, recreation, welfare and aesthetics of the Owners and to maintain, repair and replace the Common Properties and such portion of the Residential Units as delegated to the Assessment in this Declaration.

6.2 Assessments. The Board shall have the power to fix, determine and collect from all Owners, as provided in the By-Laws, the sums necessary and adequate to provide for the Common Expenses and such other expenses as are specifically provided for in this Declaration and the By-Laws. The Board shall furnish prompt notice to Owners of all assessments payable.

A. Allocation. Unless otherwise stipulated, all assessments shall be levied on an equal, prorata basis with all Owners. Should the Association be the owner of any Residential Unit(s), the assessment which otherwise would be due and payable to the Association on such Residential Unit(s), shall be levied ratably among all of the Owners excluding the Association.

B. Special Assessments. Should the assessments prove to be insufficient to pay the costs of operation of the Association, or should any emergency arise, including, without limitation, the following: (a) reconstruction of portions of the Common Properties; and (b) unexpected repairs or replacements, the Board shall have the authority to levy such additional assessment(s) as it may deem necessary, subject to obtaining the Association Membership's approval of such Special Assessment by a majority of those Members voting at a duly called meeting of the Association at which a quorum is present. The specific purpose(s) of any Special Assessment shall be set forth in a written notice of such assessment sent or delivered to each Owner. The funds collected pursuant to a Special Assessment shall be used only for the specific purpose(s) set forth in such notice or returned to the Owners; provided, however, that upon completion of such specific purpose(s), any excess funds shall be considered Common Surplus. Anything herein to the contrary notwithstanding, so long as Declarant owns at least two (2) Residential Units in The Hammock, no Special Assessment shall be authorized without Declarant's prior written approval.

C. Certificate of Unpaid Assessments. Within fifteen (15) days after request by a Owner or Residential Unit mortgagee, the Association shall provide a certificate stating all assessments and other monies owed to the Association by the Owner with respect to the Residential Unit. Any person other than the Owner who relies upon such certificate shall be protected thereby.

D. Payment: Default. The assessments levied against each Owner shall be payable at the main office of the Association in such installments and at such time as may be determined by the Board of Administration as provided in the By-Laws. The payment of any such assessment shall be in default if it is not paid to the Association on or before its due date.

6.3 Annual Assessments: Budget. The Board shall fix, determine and collect the sums necessary and adequate to pay for the general expenses of the Association. The annual assessment shall be determined by the Board based upon an estimated annual budget which shall be prepared at least forty-five (45) days prior to the commencement of the fiscal year. The Associations fiscal year shall be the calendar year beginning with the calendar year in which this Declaration is recorded in the Public Records of the County. Assessments shall be payable monthly in advance or at such other time as determined by the Board at the main office of the Association. The payment of any assessment shall be in default if it is not paid to the Association on or before its due date.

6.4 Special Individual Assessments. In addition to the annual assessments, and Special Assessments, the Association may levy special individual assessments to pay the costs of such items as are determined necessary or appropriate by the Board. Special individual assessments may be against certain Lots, Residential Units and Owners and in differing amounts as necessary or appropriate.

6.5 Subordination of Liens to Mortgages. Assessment liens shall be superior to all other liens, except tax liens and first mortgage liens in favor of Institutional Lenders or Declarant. The sale or transfer of a Lot, pursuant to a decree of foreclosure or where the Institutional Lender takes a deed in lieu of foreclosure, shall extinguish the lien of such assessments as to payments which became due and payable prior to the date of such decree or deed in lieu of foreclosure only pursuant to superior mortgages as provided above. Such sale or transfer shall not relieve such Lot or Residential Unit from liability for any assessments thereafter becoming due, nor from the lien of any subsequent assessment.

6.6 Certificates. The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing by an officer of the Association, setting forth whether assessments have been paid. Such certificate shall be conclusive evidence as to any assessment therein stated to having been paid.

6.7 Liability of Declarant. Anything to the contrary herein notwithstanding, Declarant shall not be liable for any Assessments imposed upon Residential Units or Lots for which it is the Owner as long as the Declarant pays all deficits in operation of the Association above the Assessments and capital contributions and other sums collectible from other Owners or otherwise. Declarant may at any time and from time to time be relieved of all obligations to fund deficits by electing, for any Assessment period or periods, to pay Assessments imposed on Residential Units or Lots for which it is the Owner.

6.8 Initial Assessment for New Members. Declarant shall collect from every Owner at the time of closing and every such Owner, other than Declarant, its successors or assigns, shall pay to the Association an amount equal to two months of monthly assessment charges to be used as working capital for the Association. This obligation to pay an initial capital assessment shall apply to transferees from the Declarant and all subsequent transferees from time to time.

ARTICLE VII EFFECT OF NON-PAYMENT OF ASSESSMENTS: REMEDIES OF ASSOCIATION

7.1 Application of Proceeds in Event of Default. In the event that a Residential Unit is to be sold, leased or mortgaged at a time when payment of any assessment by the Owner shall be in default (whether or not a notice of lien has been recorded by the Association), then the proceeds of such purchase

or mortgage shall be applied by the purchaser or mortgagee first to payments of any then delinquent assessment or installments thereof due to the Association before the payment to the Owner in default.

7.2 Liens: Enforcement

A. The assessments shall be levied against each Owner(s) who is bound to pay them. Common Expenses and assessments shall constitute a lien against each Residential Unit and shall have the priority afforded by law. Actions to enforce such claims shall be in conformity with the law. Each Owner also shall be liable personally to the Association for the payment of all such assessments and for interest on any delinquent payment and for all costs of collecting such payment and interest thereon, including reasonable attorneys' fees. No Owner may exempt himself from liability for any assessment levied against him by waiver of the use or enjoyment of any of the Common Properties, or by abandonment of the Residential Unit or in any other way. Assessments which are unpaid after the due date shall bear interest at the maximum rate of interest chargeable to an individual as permitted by the laws of the State of Florida. Once interest has accrued, any subsequent payment shall be applied first to payment of interest and collection costs and then to the payment of the assessment first due.

B. Each such lien shall secure: (i) all advances for taxes, payments on account or superior mortgages, liens or encumbrances and any other payments which the Association may pay in order to preserve and protect its lien; and (ii) all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Association in enforcing the lien upon the Residential Unit.

C. Each lien herein granted to the Association shall be effective upon recording a notice of lien in the Public Records of the County. A notice of lien shall state the description of the Residential Unit encumbered thereby, the name of the record owner, the amount due and the date when due. No lien shall continue for a period longer than one (1) year after the claim of lien shall have been recorded, unless within that time an action to enforce the lien shall be commenced in a court of competent jurisdiction. The claim of lien shall secure all unpaid assessments, interest, costs and attorneys' fees which are due and which may accrue subsequent to the recording of the claim of lien and prior to entry of a final judgment of foreclosure. Such claim of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such lien, the same shall be satisfied of record.

D. The Association, acting through the Board, shall have the right to assign to Declarant or to any Owner(s) or third party its lien rights for the recovery of any unpaid assessments.

E. A lien granted to the Association may be foreclosed. No foreclosure action may be filed until at least thirty (30) days after the Association gives written notice to the Owner of its intention to foreclose its lien to collect the unpaid assessments. If this notice is not given at least thirty (30) days before the foreclosure action is filed and if the unpaid assessments, including those coming due after the claim of lien is recorded, are paid before the entry of a final judgment of foreclosure, the Association shall not recover attorneys' fees or costs. The notice must be delivered personally to the Owner or mailed and delivered by registered or certified mail, return receipt requested. If, after diligent search and inquiry, the Association cannot find the Owner or a mailing address at which the Owner will receive the notice, the notice shall be given as required by law.

F. If the Owner remains in possession of the Residential Unit and the claim of lien is foreclosed, the court, in its discretion, may require the Owner to pay taxes and prior encumbrances and interest thereon, all as provided above. Such notice of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such lien, the same shall be satisfied of record.

G. Institution of a suit at law to collect payment of any delinquent assessment shall not prevent the Association from thereafter seeking enforcement of the collection by foreclosure of any sums

then owing to it. Proceeding by foreclosure to effect such collection shall not preclude the institution of a suit at law to collect any sum then owing to it.

H. An Owner, regardless of how title is acquired, including a purchaser at a judicial sale, shall be liable for all assessments coming due while he is the Owner and shall be subject to all of the provisions of this Declaration, the By-Laws, the Rules and Regulations and applicable law. In a voluntary conveyance, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his share of the Common Expenses up to the time of the conveyance, without prejudice to any right the grantee may have to recover from the grantor the amounts paid by grantee. Any person who acquires an interest in a Residential Unit (except through a foreclosure of a recorded first mortgage or acceptance of a deed in lieu thereof) shall not be entitled to occupancy of the Residential Unit or enjoyment of the Common Properties until such time as all unpaid assessments and other charges due and owing by the former owner have been paid.

I. When an Institutional Lender of record, or other purchaser of a Residential Unit shall obtain title to a Residential Unit by a purchase at a public sale resulting from the Institutional Lender's foreclosure judgement in a foreclosure suit in which the Association shall have been properly named as a defendant junior lienholder, or as a result of a deed given in lieu of foreclosure, such acquirer of title, its successors and assigns shall not be liable for the share of Common Expenses or assessments attributable to the Residential Unit or chargeable to the former Owner of the Residential Unit which became due prior to such acquisition of title unless the share shall be secured by a claim of lien for assessments recorded prior to the recording of the foreclosed mortgage. The unpaid share of Common Expenses or assessments shall be Common Expenses collectible from all of the Owners, including such acquirer, its successors and assigns. An Institutional Lender acquiring title to a Residential Unit by foreclosure or deed in lieu of foreclosure shall not, during the period of its ownership of the Residential Unit, whether or not the Residential Unit is unoccupied, be excused from the payment of some or all of the Common Expenses coming due during the period of such ownership.

7.3 Liens: Personal Obligations. Owner hereby gives and grants unto the Association a lien against all Lots and Residential Units for their respective share(s) of the assessments due the Association. The lien herein granted shall commence upon the recording of this Declaration in the Public Records of the County. Owner, for each Lot and Residential Unit owned by it and each other Owner, by acceptance of a deed thereto, shall be deemed to covenant and agree to pay to the Association: (a) annual assessments; (b) special assessments; and (c) special individual assessments. Each such assessment, together with interest, late charges, costs, and reasonable attorneys' fees, shall be a charge on the applicable Lot and shall be a continuing lien thereon against which each such assessment is made. Each such assessment, together with interest, late charges, costs and reasonable attorneys' fees shall also be the personal obligation of the person(s) owning such Lot and Residential Units at the time when the assessment came due.

7.4 Delinquencies: Enforcement. Unpaid assessments shall be a continuing lien on the applicable Lot and Residential Units which shall bind such Lot and Residential Units in the hands of the then Owner, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain a personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them. Assessments shall bear interest from the due date until paid at the maximum rate allowed by law for an individual. A late charge shall be due in the amount of twenty-five dollars (\$25.00) per monthly assessment or portion thereof past due or fifty percent (50%) of the monthly assessment past due, whichever is greater, and the Association may bring an action at law against the Owner personally obligated to pay the same or an action to foreclose the lien against the Lot, and there shall be added to the amount of such assessment reasonable attorneys' fees and costs incurred in collecting such assessment, and in the event that judgment is obtained, such judgment shall include interest on the assessment and late charges as above provided and reasonable attorneys' fees, together with the cost of the action, including attorneys' fees and costs on appeal. Liens may be foreclosed in the same manner as mortgages are foreclosed.

ARTICLE VIII
ARCHITECTURAL AND LANDSCAPE CONTROL

8.1 Members of Committee. The Architectural Control Committee, sometimes referred to in this Declaration as the "Committee," shall consist of three (3) members. The initial members of the Committee shall consist of persons designated by Declarant. Each of said persons shall hold office until all Residential Units planned for The Hammock have been constructed, created and conveyed, or sooner at the option of Declarant. Thereafter, each new member of the Committee shall be appointed by the Board and shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein. Members of the Committee may be removed at any time without cause. The Board shall have the right to appoint and remove all members of the Committee.

8.2 Review of Proposed Construction.

A. Subject to Articles XI and XII of this Declaration and any other exemption granted to Declarant pursuant to the terms of this Declaration, no building, fence, wall or other structure or Improvement (including landscaping, trees, shrubs, vegetation and ground cover) shall be commenced, removed, altered, painted, erected or maintained in The Hammock, nor shall any addition, change or alteration visible from the exterior of Residential Units be made, nor shall any awning, canopy or shutter be attached to or placed upon outside walls or roofs of buildings or other improvements, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to, and approved in writing by, the Committee (after first having been approved by any applicable association or architectural control committee thereof.) The Committee shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations, additions or use contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of The Hammock as a whole, and that the appearance of the surrounding area of The Hammock as a whole, and that the appearance of any structure affected thereby will be in harmony with the surrounding structures and is otherwise desirable. If the proposed construction, alteration or additions are to common property of an association, said approval shall also be subject to the prior approval of said association. The Committee may condition its approval of proposals and plans and specifications as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval. The Committee may require such detail in plans and specifications submitted for its review as deems proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plans submitted for approval. The Committee shall have thirty (30) days after delivery of all required materials to approve or reject any such plans, and if not approved within such 30-day period, said plans shall be deemed approved. The Committee herein shall be the ultimate deciding body and its decisions shall take precedence over all others.

B. The Committee shall have the right to promulgate such further rules and regulations as it deems necessary in order to preserve the values and appearance of The Hammock and hereafter, to modify, alter, amend, rescind and augment any of same (collectively "Design Rules") provided that the Design Rules so promulgated shall not be in conflict with the provisions of the Declaration. Such Design Rules shall not become effective until approved by the Declarant in writing so long as the Declarant owns any portion of The Hammock and thereafter by the Board. The Committee may adopt a schedule of reasonable fees for the processing of applications which fees shall be subject to the approval of the Board.

C. The Committee shall also have the right to determine from time to time the use that each Residential Unit or Property (or portion thereof) may be subject to, and may prohibit or restrict a particular use notwithstanding that such use may be permitted by any applicable zoning law, ordinance, rule or regulation.

D. All changes and alterations shall be subject independently to all applicable governmental laws, statutes, ordinances, rules, regulations, orders and decrees.

E. The Committee shall not adopt rules or regulations which prohibit any Owner from participating in a rental program with the Management Company or any successor management company.

8.3 Meeting of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time, by resolution unanimously adopted in writing, designate a Committee representative (who may, but need not be one of its members) to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 8 hereof. In the absence of such designation, the vote of any two (2) members of the Committee shall constitute an act of the Committee.

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

8.5 Compensation of Members. The members of the Committee shall not receive compensation for serving as such, but may be reimbursed for expenses incurred by them in the performance of their duties hereunder.

8.6 Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

A. Upon the completion of any work for which approved plans are required under this Article VIII, the applicant for such approval (the "Applicant") shall give written notice of completion to the Committee.

B. Within ten (10) days thereafter, the Committee or its duly authorized representative may inspect such Improvement. If the Committee finds that such work was not effected in substantial compliance with the approved plans, it shall notify the Applicant in writing of such noncompliance within such ten (10) days period, specifying the particulars of noncompliance, and shall require the Applicant to remedy the same.

C. If a noncompliance exists, the Applicant shall remedy or remove same within a period of not more than thirty (30) days of such notification. If, upon the expiration of thirty (30) days from the date of such notification, the Applicant shall have failed to remedy such noncompliance, the Committee shall notify the Board in writing of such failure. The Board, at its option, may either remove the noncomplying Improvement or remedy the noncompliance, and the Applicant shall reimburse the Association, upon demand, for all expenses incurred in connection therewith, plus a 25% administrative charge. If such expenses are not promptly repaid by the Applicant to the Association, the Board shall levy a Special Assessment against such Applicant for reimbursement plus the 25% administrative charge. The entry upon the property by the Association or its agents for the purpose of affecting the terms of this provision is expressly permitted and shall not constitute a trespass.

D. If for any reason the Committee fails to notify the Applicant of any noncompliance within thirty (30) days after receipt of said written notice of completion from the Applicant, the Improvement shall be deemed to have been made in accordance with said approved plans.

8.7 Non-Liability of Committee Members. Neither the Committee, nor any member thereof, nor its duly authorized Committee representative, shall be liable to the Association, any association, or to

any Owner or any other person or entity for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's duties hereunder, unless due to the willful misconduct or bad faith of a member and then only that member shall have any liability. The Committee shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to The Hammock. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

8.8 Variance. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or any supplemental declaration, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations require. Such variance must be evidenced in writing which must be signed by at least two (2) members of the Committee. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration or any supplemental declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not, however, operate to waive any of the terms and provisions of this Declaration or of any supplemental declaration for any purpose except as to the particular property and particular improvement for which the variance was granted.

8.9 Exterior Appearance and Design. The Owners of any building or improvement which has suffered damage may apply for approval to the Architectural Committee for reconstruction, rebuilding or repair of the Improvements therein. Application for such approval shall be made in writing, together with full and complete plans and specifications, working drawings and elevations showing the proposed reconstruction and the end result thereof. The Architectural Committee shall grant such approval only if upon completion of the work the exterior appearance and design will be substantially like that which existed prior to the date of the casualty. Failure of the Architectural Committee to act within thirty (30) days after receipt of such a request in writing together with the drawings and plot plans showing the full and complete nature of the proposed changes shall constitute approval thereof. If the obligation for repair falls upon the Association, Architectural Committee approval will not be required prior to the commencement of such work.

8.10 Time Limitation - Commencement and Completion of Construction. The Owner of a Residential Unit shall commence construction of the Residential Unit(s) permitted to be constructed thereon not later than the first to occur of (a) six months following the date on which the last of the requisite approvals have been obtained by Declarant for the issuance of building permits with respect to said Residential Unit(s) or (b) one year after the date of closing on the transfer of the Residential Unit(s) by Declarant to the Owner as evidenced by the date of delivery of the deed to said Residential Unit(s). Said Residential Unit Owner shall complete construction of said Residential Unit(s) (as evidenced by issuance of a certificate of occupancy) within 180 days of commencement. Residential Unit Owners shall be required to complete construction of all Residential Units in said parcel (evidenced by the issuance of a certificate of occupancy therefor) within two years from the date of closing on the transfer of the Residential Unit by Declarant to the Residential Unit Owner. Once commenced, the Owner shall diligently and continuously proceed with the uninterrupted construction of the improvements thereon. In the event that an Unimproved Residential Unit has been improved but has not had a Certificate of Occupancy issued thereon, the Declarant may, subject to the Right of Repurchase pursuant to Article XI hereof, enter upon the property and complete the improvements required for the issuance of a Certificate of Occupancy therefor and charge to the Owner the costs incurred thereby (including hard and soft costs) as a Special Assessment and thereafter the property shall be assessed as an Improved Residential Unit. The entry upon the property by the Association and its agents for the purpose of affecting the terms of this provision is expressly permitted and shall not constitute a trespass thereon.

8.11 Time Limitation - Destruction. The Owner or Owners of any damaged Building, the Association and the Architectural Committee shall be obligated to proceed with all due diligence hereunder, and the responsible party shall commence reconstruction within three (3) months after the damage occurs and complete reconstruction within one (1) year after damage occurs, unless prevented by causes beyond their reasonable control.

8.12 Improvements. All Improvements shall comply with all applicable minimum standards established by the Committee and zoning laws. No Improvement shall be constructed, removed, changed or installed without the Committee's prior written approval (except as hereinafter provided as to Declarant). The Committee shall control not only the initial structure and improvements, landscaping, walls and fences to be constructed, but also any additions, changes or modifications thereof on any Residential Unit, except that all structures constructed by Declarant as well as landscaping, walls and fences installed or constructed by Declarant shall be deemed approved by the Committee. Anything herein to the contrary notwithstanding, any Owner may make alterations, changes and modifications within the interior of his Residential Unit without obtaining the Committee's consent.

8.13 Maintenance of Improvements. All Improvements shall be kept in a clean, neat and attractive condition consistent with the general appearance of The Hammock and in conformity with the terms and conditions of this Declaration and all rules and regulations hereinafter adopted by the Association.

8.13 Landscaping. Maintenance of lawns and landscaping of each Lot is the responsibility of the Association, and the cost of such maintenance is a Common Expense for all Owners pursuant to Section 5.11. In order to minimize such Common Expense for the benefit of all Owners, no Owner shall alter the landscaping of such Owner's Lot by removing, adding or otherwise altering the type, location or other condition of plants, shrubs, trees, grass, rocks or other landscaping materials as initially planted or placed by Declarant at the time Declarant transferred the Lot to the Owner.

ARTICLE IX

PARTICULAR USE RESTRICTIONS, RULES AND REGULATIONS

9.1 Applicability. The provisions of this Article shall apply to The Hammock, but shall not apply to Declarant any of its affiliates, contractors or subcontractors. If requested by any interested party, Declarant shall give a written statement as to whether any particular person or entity shall be exempt from the provisions of this Article and to which Land or Residential Units and for what period of time such exemption shall exist.

9.2 Nuisances. No noxious, offensive or unlawful activity shall be carried on within The Hammock nor shall anything be done in The Hammock which may be or may become an annoyance or nuisance to other Owners.

9.3 Signs. No sign of any kind shall be permitted on the Common Properties, any Residential Unit or any Lot; nor shall any sign be permitted on or visible from any, including, without limitation, any signs indicating that a Lot or Residential Unit is for sale or for lease. Notwithstanding such prohibition, no parking, restricted parking & speed and directional signs shall be permitted at the discretion of the Association and with the consent of the Declarant. All permitted signs shall, in all respects, be in accordance with rules and regulations promulgated by the Association. Notwithstanding anything herein to the contrary, Declarant shall be entitled to place signs of such size and design as Declarant shall determine upon any Lot or Residential Unit to advertise for sale or other purposes,

9.4 Parking and Vehicular Restrictions. Parking in The Hammock shall be restricted to the parking areas therein designated for such purpose. Except for temporary purposes in order to service Residential Units or the Common Properties, no person shall park, store or keep on any portion of The

Hammock any large commercial-type vehicle (for example, dump truck, cement mixer truck, oil or gas truck, delivery truck), nor may any person keep any other vehicle on the Common Properties which is deemed to be a nuisance by the Board. No person shall conduct repairs (except in an emergency) or restorations of any motor vehicle. All vehicles shall be subject to height, width and length restrictions and other rules and regulations now or hereafter adopted by the Association.

9.5 Animal Restriction. No livestock, reptiles or poultry of any kind shall be raised, bred or kept on The Hammock. Pets shall be prohibited from all portions of the Common Properties excepts where designated by the Association. All pets must be controlled by Owners in strict accordance with rules and regulations to be enacted from time to time.

9.6 Garbage & Refuse. No portion of The Hammock shall be used or maintained as a dumping ground for rubbish. Trash and garbage shall not be kept except in sanitary containers or as required by the Association or the applicable County ordinances. All equipment for the storage or disposal of such material shall be kept in clean and sanitary condition. No individual sewage disposal system shall be permitted in The Hammock. All trash must be placed in receptacles approved of by the Association.

9.7 Temporary, Play and Auxiliary Structures. No structure of a temporary character, trailer, basement, tent, shack, shed, barn or other outbuilding shall be built, installed or used in The Hammock at any time. No platform, doghouse, playhouse or similar structure shall be constructed in any part of The Hammock without the Committee's prior written approval. No outdoor clotheslines shall be permitted. No building, fence, screen enclosure, wall or other structure shall be erected or maintained, nor shall any exterior addition, change or alteration thereof be made, unless consistent with the general aesthetics of The Hammock as described in the Zoning Agreement and unless and until plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted and approved in writing by the Committee.

9.8 Other Facilities. Nothing shall be altered or constructed in or removed from The Hammock except upon the written consent of the Committee.

9.9 Outside Installation. To the extent permitted by law and as otherwise approved by the Board, no exterior radio antenna, television antenna or other antenna of any shall type shall be erected or maintained in the buildings or elsewhere on The Hammock, provided that a master antenna or antennae, or cable television antenna or antennae, may be provided for the use of Owners, and Declarant may grant and hereby reserves easement for such purposes. The erection of such antenna shall be subject to restriction of record as amended from time to time.

9.10 Insurance Rates. Nothing shall be done or kept in the Common Properties which will increase the rate of insurance on any properties insured by the Association without the approval of the Board, nor shall anything be done or kept in the Buildings, Residential Units, or on the Common Properties which would result in the cancellation of insurance on any property insured by the Association or which would be in violation of any law. In the event that an Owner does anything to increase the rate of insurance, said Owner shall be responsible for payment of the increased amount as a Special Assessment in accordance with the terms hereof.

9.11 Drilling. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted in or on The Hammock, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted. No derrick or other structure designed for use in boring for water, oil, natural gas or minerals shall be erected, maintained or permitted on or around The Hammock.

9.12 Selling of Residential Units. No Owner other than the Declarant and other parties identified in Section 11.5.E., may sell his Residential Unit except by complying with the right of first refusal reserved by Declarant as set forth in Section 11.5 hereof.

9.13 Leasing. Residential Units may be leased for periods of greater than one month by the Unit owner directly. Leases for periods of less than one month ("vacation rentals") must be secured through a Management Company designated and contracted with by the Association. All leases for Residential Units shall be written on forms approved by the Association and shall provide that the Association has the right to terminate the lease upon default by the lessee in observing any of the provisions of this Declaration, the Articles, By-Laws of the Association, and all applicable rules and regulations adopted by the Association. Any lease form which conforms to the lease agreement in general use by the Management Company shall be considered pre-approved by the Association. The Board shall establish such rules and regulations in regard to the leasing of Residential Units by Owners as it determines reasonably necessary. All rules and regulations adopted by the Association shall be applied and enforced without discrimination on the basis of race, religion, color, creed or sexual preference. All lessees shall be subject to this Declaration, the Articles and By-Laws of the Association and all supplements and amendments thereto. Notwithstanding the Association's right to promulgate such rules and regulations, so long as the Management Company is offering its services to Owners:

A. The Association shall not restrict the duration of any rental period or the occupancy terms for Residential Units.

B. No portion of the Property other than that designated and used by the Management Company will be used as a leasing or rental office, a service desk, including, without limitation, a hotel "front desk", in connection with the leasing or management of Residential Units.

C. The Association shall not implement any charge, fee or other assessment for the privilege of an Owner, the Management Company or any other person for the privilege of renting or occupying a Residential Unit.

D. The Association shall not implement any rule or regulation which unreasonably restricts or interferes with the ability of the Management Company to offer or operate its rental program for Residential Units at The Hammock.

9.14 Maintenance and Repair.

A. By Owners. Each Owner agrees to: (a) maintain in good condition and repair the structural components of the Owner's Residential Unit and exterior surfaces such as walls, floors, screens, windows, doors, gutters, downspouts and roofs and to replace such items, when necessary. The Association shall have the right at its discretion, to make such maintenance or repair, if the Owner fails to do so following ten (10) days' written notice, or written or oral notice of a shorter duration in the event of an emergency situation, and to charge the Owner for the costs of same. If the Association charges a Owner for such repairs or maintenance, and the Owner fails to make prompt payment, the Association shall be entitled to place a lien against that Owner's Residential Unit and proceed as provided in Article VI hereof. An Owner shall be liable for the expense of any maintenance, repair or replacement made necessary by his act or negligence or by that of any member of his family or his or their guests, invitees, employees, agents or lessees, but only to the extent that expense is not met by the proceeds of insurance carried by the Association and then, conditioned on the extent of the right of subrogation of the Association's insurer.

B. By the Association. The Association shall be responsible for the maintenance, repair and replacement of all of the Common Properties including those portions which contribute to the support of the building, and all conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility and other services. Should any incidental damage be caused to any Residential Unit by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair or replacement of any Common Properties, the Association, shall, at its expense, repair such incidental damage. The costs of such maintenance on the Common Properties shall be apportioned in equal shares among the Owners. However, to the extent such maintenance, repairs or replacements are necessitated by the negligence, misuse or neglect of an Owner, his family, guests or invitees, such costs shall be assessed against his

Residential Unit and paid by the Owner. In the event of any dispute among the Owners regarding the costs of repair, maintenance or restoration of the Common Properties the Owner hereby designates the Board of Administration as arbiters of such dispute, whose decision shall be binding and conclusive upon them. In the event that one of such Owners is a Board Member, he shall stand down from such office during the hearing and decision on the dispute. Whenever it is necessary to enter any Residential Unit for maintenance, alteration or repair to any portion of the Common Properties, each Owner shall permit other Owners or their representatives, or the Association's duly constituted and authorized agent, to enter such Residential Unit for such purpose, provided that such entry shall be made only at reasonable times and with reasonable notice.

9.15 Maintenance by the Owner. The responsibility of each Owner to keep his Residential Unit in compliance with standards promulgated by the Architectural Control Committee of the Board shall be as follows:

A. To maintain, protect repair and replace, at his own cost and expense, all interior and exterior portions of his Residential Unit together with all improvements and equipment located thereon, except any portions to be maintained, repaired and replaced by the Association. Such maintenance, protection, repair and replacement shall be done without disturbing the rights of the other Owners;

B. Not to modify or change the appearance or design of any portion of the exterior of any Residential Unit without the prior written approval of the Association; and

C. To report promptly to the Association any defect or need for repairs, maintenance or replacements for which the Association is responsible.

9.16 Use of Land. No improvement or any portion of The Hammock shall be used for any purpose other than residential; provided however that temporary uses by Declarant, its affiliates and designees for model homes, sales displays, parking lots, sales offices and other offices, or any combination of such uses shall be permitted until Declarant shall determine that such use is no longer needed.

9.17 Exterior Colors. The exterior colors of all Improvements shall remain the colors initially established by Declarant unless approved by the Committee. All brick exteriors shall remain as such and shall not be painted, stuccoed or otherwise altered.

9.18 Satellite Dishes; Exterior Antennas. No satellite dishes, exterior radio antenna, television antenna, citizens band antenna or any other antenna of any type or nature shall be permitted in The Hammock without the Committee's prior written approval.

9.19 Motor Vehicles; Boats and Boat Trailers. No trucks, commercial vehicles, recreation vehicles, campers, derelict automobiles, boats or boat trailers may be parked in The Hammock.

9.20 Windows; Interior Window Treatments; Shutters. No Owner shall place aluminum foil on either the interior or exterior surface of any exterior window or glass door. No Owner shall install any interior window treatment other than of the type and specification provided by the Declarant at the time Declarant first transfers the Lot and improvements or as subsequently approved by the Association. No storm shutters shall be installed without the Committee's prior written approval.

9.21 Exterior Lighting. No Owner shall install exterior lighting (in addition to such exterior lighting as originally provided for the Residential Unit by Declarant) without the Committee's prior written approval.

9.22 Fences. No fences shall be permitted within The Hammock unless installed by Declarant during construction periods or as otherwise approved by Declarant or the Committee.

9.23 Laundry. No balcony, porch or other exterior portion of a Residential Unit or Lot shall be used for the purpose of drying of laundry or other items.

9.24 Food and Beverage Facilities. The Association shall not engage in food or beverage operations or any other retail or commercial operations in The Hammock. Notwithstanding the foregoing, this restriction is not intended to restrict Owners from providing food or beverages for the personal consumption of the Owners, their guests, invitees and Renters, on the Owner's Lot or within the Owner's Residential Unit.

ARTICLE X SECURITY AND TELECOMMUNICATION SYSTEM

10.1 Installation. Declarant hereby reserves unto itself and its designees, successors, assignees and licensees the right (though no obligation is hereby assumed) to construct or install over, under, across and upon any portion of the Hammock for the use of the Owners and their permitted or authorized guests, invitees, Renters, and family members, a security and/or telecommunications system (the "System") the exact description, location and nature of which have and hereby reserves to itself and its designees, successors, assignees and licensees a perpetual and exclusive right, privilege, easement and right-of-way for the installation, construction and maintenance of the System (scope, extent, size and the location of which over, across, upon and through The Hammock shall be determined solely by Declarant, its successors, designee and assigns from time to time) together with a perpetual and exclusive right and privilege of (i) unlimited ingress and egress thereto for installing, constructing, inspecting, maintaining, altering, moving, improving, and replacing the facilities and equipment constituting the System including, without limitation, any towers, antennas, conduits, wires, cables, lines, panels, boxes, housings, connections, insulators and amplifiers necessary or desirable to receive and distribute services of the System including, without limitation, television and radio signals, surveillance, fire, police and emergency medical protection; and (ii) transmitting (the facilities and equipment of which shall be owned and exclusively controlled by Declarant, its successors and assigns or its designees).

10.2 System Services. Declarant shall have the right to enter contracts for the exclusive provision of the System as Declarant or its successor (including the Association) shall deem, in its sole discretion, to be in the best interests of the Project. The contract may provide that the basic System shall be mandatory for all Owners. The contract for the System may also provide as follows:

A. Every Residential Unit shall be subject to a charge, payable per Residential Unit on the first day of each month or quarter in advance, for basic cable television programming services and basic surveillance services.

B. The Association shall impose, along with common expense assessments and its regular maintenance assessment, against each Residential Unit contained within the association, the amount of the basic fees due and payable for the System and shall collect same and forthwith remit the amount collected to the Contractual Designee providing the System services.

C. Every Residential Unit Owner hereby agrees that the Association shall have a lien upon such Residential Unit for the respective charges.

D. Any mortgagee becoming a Residential Unit owner by reason of foreclosure of its mortgage or by accepting a deed in lieu thereof shall be excused from the payment of fees while it is such Owner and has not placed any other person in possession of such Residential Unit. Where a mortgagee or other Owner of a Residential Unit obtains title to the Residential Unit as a result of the foreclosure of a mortgage, such acquirer of title, its successors and assigns, shall not be liable for the payment of the

aforementioned charges pertaining to such Residential Unit which become due prior and where secured by a recorded lien to acquisition of title in the manner provided above.

E. The Contractual Designee may impose such additional charges for optional System services as is consistent with the rates for such services as approved by any local governmental agency having jurisdiction over the franchising of such services. Such services shall not be mandatory and charges therefor shall be individually billed to the Residential Unit Owner.

F. The term "Contractual Designee" or "Designees" means the company or companies with which Declarant or the Association has contracted for the furnishing of such System services, and may include an affiliate of Declarant.

G. The provisions of this Article X shall be effective for a period of fifteen (15) years from and after the date of recordation after which time they shall be extended, automatically, for successive periods of fifteen (15) years initially and two (2) ten (10) year periods thereafter, provided that upon demand of Declarant and/or the Association, or their successors and assigns, given at least one (1) year prior to the expiration of each term, the Contractual Designee or Designees, their successors and assigns, update their Systems to the then current state-of-the-art as determined by agreement or, in its absence, by arbitration.

H. Enforcement shall be by an appropriate action at law or in equity against any parties or persons violating or attempting to violate any covenants. If Declarant or the Association is required to bring action to enforce the provisions of this Article X, it shall be entitled to payment of court costs and reasonable attorney's fees.

ARTICLE XI **DEVELOPER RIGHTS, RESERVATIONS AND EXEMPTIONS**

11.1 Declarant's Rights. Declarant hereby reserves to itself, and the grantee of any Residential Unit or other property within The Hammock hereby agrees, by acceptance of a deed of conveyance thereto, that Declarant shall have the following rights, without notice or approval, so long as Declarant owns any portion of the Property in The Hammock, including any portion of the Property, Lot or any Residential Unit owned by Declarant as the result of any reconveyance from a third party to Declarant, or until Declarant causes to be recorded a Certificate of Termination of Interest in The Hammock (or unless expressly provided to the contrary herein), which Certificate terminates any and all right, title, interest and obligation of Declarant in The Hammock:

A. The right to replat, vacate or withdraw any area of any platted area from the property subject to this Declaration, provided that Declarant owns all property which is subject to the plat. The invalidization or unenforceability of this right shall in no way affect the enforceability of the other covenants and restrictions contained in this Article, this Declaration or any supplemental declaration;

B. The right to dispense pesticides throughout the Property;

C. Until such time as the Common Properties have been conveyed to the Association, the right to retain legal and equitable title to the Common Properties, or to sell, lease or otherwise convey all or any part of its interest in the Property and to demolish, alter or modify in whole or in part, any improvements on the Common Properties;

D. The right to establish easements for itself and others over any portion of the Property which is owned by Declarant;

E. The right to convey, in whole or in part any easements granted in favor of Declarant, as created in this Declaration or as recorded in the Public Records of Monroe County, Florida, which pertain to The Hammock;

F. The right, for any reason, including, without limitation, in order to meet requirements of any applicable law, code, ordinance, rule or regulation of any governmental or quasi-governmental authority or lending institution or bond issuing authority or development agency or the like, to make changes, amendments, supplements or modifications to any or all of the covenants, restrictions, easements, reservations, agreements, documents or instruments affecting the Property, The Hammock or any portion thereof, whether recorded, or unrecorded, as Declarant, its successors and assigns, may deem reasonable, necessary, appropriate or convenient, provided that any one of the foregoing singly or taken collectively will not materially adversely affect the Residential Unit of any Owner. The foregoing shall not restrict or limit Declarant, or its successors' and assigns' ability to amend, modify or supplement this Declaration as herein otherwise provided.

G. The right to purchase any Residential Unit where there was a violation of Section 9.12 or Section 11.5, shall be at a price for which Declarant may repurchase as follows: (a) in the event of any unimproved Lot, the Repurchase Price shall be the Cost Price paid by the Owner, which Cost Price shall be deemed to be the amount of consideration paid by Owner to Declarant and reported for the computation of Florida state documentary stamp tax due on the conveyances of such Lot by Declarant to Owner, less the outstanding principal balance of any purchase money mortgage note made by Owner to Declarant in connection with Owner's purchase of said Lot; or (b) in the event of a partially improved Lot, the Repurchase Price shall be the then fair market value of the Lot as may be agreed upon by the parties or the value arrived at by a bona fide appraisal in the event of a dispute, exclusive of the value of any improvements erected on said Lot which were not approved by the Association in accordance with the terms of this Declaration. In the event the parties are unable to agree upon the fair market value of the Lot then each shall be entitled to name an appraiser. The two appraisers shall then select a third appraiser. The fair market value of the Lot, as determined by the three appraisers, shall be the amount for which Declarant purchases the Lot (the "Repurchase Price"). The Owner shall deliver a general warranty deed to the Lot in exchange for the Repurchase Price to be paid by Declarant at the closing of the repurchase which shall be held within thirty (30) days following written determination of the Repurchase Price. This right to repurchase shall terminate and be of no further force and effect thirty (30) years from the date of the initial recordation of this Declaration in the Public Records of Monroe County, Florida;

H. The right to erect or grant to an Owner the right to erect temporary buildings on any portion of the Property which is owned by Declarant or title to which has been granted by Declarant to an Owner;

I. The right to maintain an easement for construction, reconstruction or repair purposes, across any property within The Hammock;

J. The right to alter and amend the Zoning Agreements; provided that approval from all governmental agencies having jurisdiction over such Zoning Agreements has been obtained;

K. The right to alter, amend, approve, dispose of, and designate the plan and facilities which provide water and wastewater treatment service and irrigation service to the Property, provided that approval from all governmental agencies having jurisdiction over same has been obtained;

L. The right to maintain a sales office in The Hammock, including, without limitation, a sales office on a portion of the Common Properties, and to erect signs and to conduct sales throughout The Hammock;

M. The right to establish the security system in The Hammock;

N. The right to appoint the members of the Architectural Control Committee for such time as Declarant owns any property in The Hammock;

O. The right to conduct the development, marketing and sale of property in The Hammock owned by Declarant or any third party with whom Declarant may so contract to provide such services;

P. During the time Declarant is engaged in construction on The Hammock, the right to install and maintain a radio communications system;

Q. The right to have affiliates of Declarant engaged to provide management, maintenance and similar services for the Association;

R. An irrevocable power of attorney, coupled with an interest, of all Owners in favor of Declarant for as long as Declarant owns any portion of the Property or any Residential Unit within The Hammock, to exercise any of the foregoing or other rights or discharge any of the foregoing or other obligations which may be set forth therein for the benefit of Declarant or as an obligation of any Owner. This power of attorney shall be self-operative and shall not require any additional instrument to effectuate same. An Owner, by acceptance of a deed, thereby acknowledges and confirms (and, to the extent required, grants) the power of attorney set forth herein; and

S. An irrevocable designation and appointment of Declarant, its successors and assigns, by each Owner, as such Owner's attorney-in-fact, to execute and deliver any applications for approval, platting, consents, amendments, variance or other documents or instruments as Declarant its successors and assigns, may from time to time request. The foregoing power-of-attorney, designation and appointment shall be coupled with an interest, shall be self-operative and shall not require any additional instrument to effect same; provided, however, that same shall be limited in time and duration to a period of ten (10) years from and after the date that the initial Owner, other than Declarant or an affiliate of Declarant, takes title to a Residential Unit from Declarant.

11.2. Veto Power. Declarant hereby expressly reserves to itself, and any grantee of any Lot or Residential Unit hereby agrees, by acceptance of a deed of conveyance thereto, that Declarant shall have the right to veto any of all of the following events so long as Declarant owns any part of the Property or The Hammock, including property owned by Declarant as the result of any reconveyance of property, or until Declarant causes to be recorded a Certificate of Termination of Interest in The Hammock, which Certificate terminates any and all right, title interest and obligation of Declarant in The Hammock:

A. Construction of improvements approved by the Association;

B. Construction of any dune or access way approved by the Association;

C. Association approval which permits the conduct of any commercial enterprise within The Hammock;

D. Any or all Association budgets, annual or otherwise which constitute an increase or reduction of fifteen percent (15%) over the prior year's (or other applicable interval) budget;

E. Approval of any plans or specifications for any structure made by the Architectural Control Committee;

F. Attempted resubdivision of the Property or any part thereof,

G. Any attempted dissolution or termination of the Association;

H. Attempted amendment of this Declaration, the Articles, and By-Laws, any supplementary declaration of protective covenants and restrictions or the Zoning Agreements;

I. Any management contracts entered into by the Association or Board;

J. Any reduction to the security system for The Hammock;

K. Attempted relocation of the sales center used by Declarant, its successors or assigns;

L. The creation of any special assessments by the Association;

M. Any capital improvement assessments by the Association;

N. Any settlement of any claim made by Association to collect upon any policy of casualty insurance which insures the Common Properties;

O. Any attempted cancellation or reduction of insurance coverage insuring all or any part of The Hammock; and

P. Any matter adversely affecting Declarant or its interests.

11.3 Right to Alter Common Properties. Declarant hereby reserve the right, in their sole discretion, as follows:

A. To alter all or any portion of the Common Properties to which Declarant holds title; and

B. To mortgage all or any portion of the Common Properties to which Declarant holds title; provided that the Common Properties shall be free of mortgages at time of conveyance to the Association.

11.4 Declarant's Additional Reserved Rights. Notwithstanding anything herein to the contrary, Declarant shall have the right, with respect to the development of The Hammock, to construct buildings and Residential Units and other Improvements and install landscaping of such type, nature, shape, height, color, materials and location as Declarant shall determine in its sole and absolute discretion; provided, however, that same shall comply with the applicable building codes and County zoning laws in force at that time. Until such time as Declarant shall own no Land or Residential Units within The Hammock, Declarant shall be entitled to place on Land and/or Residential Units owned by Declarant temporary construction or sales trailers and other temporary facilities and conduct its sales and marketing efforts as Declarant shall deem appropriate.

11.5 Declarant's Rights to Repurchase. Declarant shall have the following repurchase rights:

A. Right of First Refusal. Any Residential Unit who receives a bona fide offer to purchase his Residential Unit (such offer to purchase a Residential Unit is called an "Outside Offer", the party making any such Outside Offer is called an "Outside Offeror", and the Residential Unit Owner to whom the Outside Offer is made is called an "Offeree Residential Unit Owner"), which he intends to accept, shall within five (5) days following receipt of such Outside Offer give notice by certified mail, return receipt requested, to Declarant of such Outside Offer. Said notice shall be accompanied by a copy of the written Outside Offer and shall state the name and address of the Outside Offeror, the terms of the proposed transaction and such other information as Declarant may reasonably require. The giving of such notice to Declarant shall constitute an offer by such Residential Unit to sell his Residential Unit to Declarant or its designee upon the same terms and conditions as contained in such Outside Offer and shall also constitute a warranty and representation by the Residential Unit Owner who has received such Outside Offer to

Declarant that such Residential Unit Offer believes the Outside Offer to be bona fide in all respects. The Offeree Residential Unit Owner shall submit in writing such further information with respect thereto as Declarant may reasonably request. Not later than thirty (30) days after receipt of such notice, together with such further information as may have been requested, Declarant or its designee may elect, by sending written notice to such Offeree Residential Unit before the expiration of said thirty (30) day period by certified mail, to purchase such Residential Unit upon the same terms and conditions as contained in the Outside Offer and as stated in the notice from the Offeree Residential Unit Owner. In the event Declarant or its designee shall fail to accept such offer within said thirty (30) day period, the Offeree Residential Unit Owner shall be free to accept the Outside Offer within sixty (60) days after (i) notice of release of Declarant's right of first refusal; or (ii) the expiration of the period within which Declarant or its designee might have accepted such offer, as the case may be. In the event the Offeree Residential Unit Owner shall not within such sixty (60) day period, accept in writing, the Outside Offer or if the Offeree Residential Unit Owner shall accept the Outside Offer within such sixty (60) day period, but such sale shall not be consummated in accordance with the terms of such Outside Offer or within a reasonable time after the date set for closing thereunder, then, should such Offeree Residential Unit Owner thereafter elect to sell such Residential Unit, the Offeree Residential Unit Owner shall be required to again comply with all of the terms and provisions of this Section. Any deed to an Outside Offeror shall provide (or shall be deemed to provide) that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws, the Articles of Incorporation, applicable rules and regulations and all other agreements, documents or instruments affecting The Hammock or administered by Declarant, as the same may be amended from time to time.

B. Sale Voidable. Any purported sale of a Residential Unit in violation of this Section shall be voidable at any time at the election of Declarant and Declarant shall have the right to institute legal proceedings to void the conveyance. Said Residential Unit Owner shall reimburse Declarant for all expenses (including attorney's fees and disbursements incurred in connection with such proceedings).

C. Release by Declarant of the Right of First Refusal. The right of first refusal contained in this Section 11.5 may be released or waived by Declarant only in the manner provided in subsection 11.5D hereof. In the event Declarant shall release or waive its right of first refusal as to any Residential Unit such Residential Unit may be sold or conveyed to the Outside Offeror.

D. Certificate of Termination of Right of First Refusal. A certificate executed and acknowledged by Declarant stating that the provisions of this Section 11.5 have been satisfied by a Residential Unit Owner, or stating that the right of first refusal contained therein has been duly released or waived by Declarant and that as a result thereof, the rights of Declarant thereunder have terminated (as to that sale only) shall be conclusive with respect to all persons who rely on such certificate in good faith. Declarant shall furnish such certificate upon request to any Residential Unit Owner in respect to whom the provisions of such Section have, in fact, terminated or been waived. No fee shall be charged by Declarant in connection with the furnishing of such certificate.

E. Exceptions. The provisions of this Section 11.5 shall not apply with respect to any sale, transfer, gift or conveyance of any Residential Unit by (i) the Residential Unit Owner thereof to his spouse, adult children, parents, parents-in-law, adult siblings or a trustee, corporation or other entity where the Residential Unit or the aforementioned related persons are and continue to be the sole beneficiary or equity owner of such trust, corporation or other entity, or to any one or more of the above, (ii) the Declarant, (iii) any proper officer conducting the sale of a Residential Unit in connection with the foreclosure of a mortgage or other lien covering such Residential Unit or delivering a deed in lieu of foreclosure, or (iv) an institutional first mortgagee (or its designee) deriving title by virtue of foreclosure of its mortgage or acceptance of a deed in lieu of foreclosure; provided, however, that each succeeding Residential Unit Owner shall be bound by, and his Residential Unit shall be subject to, the provisions of this Section 11.5.

F. Restriction Upon Sale of Unimproved Lot. Except as may be otherwise agreed by Declarant in writing, no Owner shall sell or otherwise transfer by deed, agreement for deed or otherwise, its interest whether legal, equitable or otherwise in an unimproved Lot for a period of two (2) years from the date of closing on the transfer of said Lot to said Owner by Declarant. This provision shall not restrict the Owner's right to mortgage said Lot in connection with a construction or similar loan to finance the cost of improvements to be made to said Lot nor prohibit the acquisition and resale by any such mortgagee of title to such Residential Unit by foreclosure or by deed in lieu thereof within said two (2) year period.

ARTICLE XII

DECLARANT'S EXEMPTIONS

Neither the Association nor any Residential Unit Owner shall do anything to interfere with Declarant's activities at The Hammock. As used in this Section and its subparagraphs, the words "its successors or assigns" specifically do not include purchasers of individual Residential Units. Without limiting the foregoing, nothing in this Declaration shall be construed or interpreted to:

A. Prevent Declarant, its successors or assigns, or its or their agents, contractors or subcontractors, from doing on any property owned by them or on the Common Properties whatever they determine to be necessary or advisable in connection with the completion of said work, including without limitation, the alteration and removal of Improvements and the reallocation of any use thereon and the termination of services as Declarant deems advisable in the course of development (all models or sketches showing plans of The Hammock may be modified by Declarant at any time and from time to time, without notice to any Owner, prospective Owner, or other person or entity); or

B. Prevent Declarant, its successors or assigns, or its or their contractors, subcontractors or representatives, from erecting, constructing and maintaining on any portion of the Property owned or controlled by them or on the Common Properties, such structures as may be reasonably necessary in Declarant's judgment for the conduct of its or their business of completing said work and establishing The Hammock as a community and disposing of the same by sale, lease or otherwise; or

C. Prevent Declarant, its successors or assigns, from determining in its sole discretion the nature of any type of Improvements to be included as part of The Hammock, including Improvements on the Common Properties; or

D. Prevent Declarant, its successors or assigns, or its or their contractors, subcontractors or representatives, from erecting, maintaining, altering or otherwise using signs on the Property owned or controlled by any of them or on the Common Properties as may be necessary in connection with the sale, lease, operation or marketing of Residential Units or Lots, or otherwise from taking such other actions deemed appropriate in connection with such signs.

E. In general, Declarant shall be exempt from all restrictions set forth in this Declaration to the extent such restrictions interfere in any manner with the Declarant's plans for operation, construction, development, use, sale or other disposition of the Property and/or The Hammock, or any part thereof.

ARTICLE XIII

DAMAGE OR DESTRUCTION TO COMMON PROPERTIES

Damage to or destruction of all of any portion of the Common Properties shall be handled in the following manner, notwithstanding any provision in this Declaration to the contrary:

A. In the event of damage to or destruction of the Common Properties, if the insurance proceeds are sufficient to effect total restoration, then the Association shall cause such Common Properties to be repaired and reconstructed substantially as it previously existed.

B. If the insurance proceeds are within One Million Dollars (\$1,000,000.00) or less of being sufficient to effect total restoration to the Common Properties, then the Association shall cause such Common Properties to be repaired and reconstructed substantially as it previously existed and the difference between the insurance proceeds and the actual cost shall be levied as a Reconstruction Assessment against each of the Owners, in accordance with the provisions of Article VI of this Declaration.

C. If the insurance proceeds are insufficient by more than One Million Dollars (\$1,000,000.00) to effect total restoration to the Common Properties, then by written consent or vote of two-thirds (2/3) of the Members, they shall determine whether (1) to rebuild and restore the Common Properties in substantially the same manner as they existed prior to damage and to raise the necessary funds over the insurance proceeds by levying Reconstruction Assessments against all Owners, (2) to rebuild and to restore in a way which is less expensive than replacing these Improvements in substantially the same manner as they existed prior to being damaged, or (3) subject to the approval of the Committee, not to rebuild and to retain the available insurance proceeds. Anything to the contrary herein notwithstanding, no decision not to rebuild or to rebuild in a manner which would result in a change in the Improvements shall be effective without the written approval of the Committee, which can require rebuilding as it deems appropriate.

D. Each Owner shall be liable to the Association for any damage to the Common Properties not fully covered by collected insurance which may be sustained by reason of the negligence or willful misconduct of said Owner or of his family, Renters, guests and invitees, both minor and adult. Notwithstanding the foregoing, the Association reserves withstanding the foregoing, the Association reserves the right to charge such Owner a Special Assessment equal to the increase, if any, in the insurance premium directly attributable to the damage caused by such Owner. In the case of joint ownership of Property, the liability of such Owners shall be joint and several. The cost of correcting such damage shall be a Special Assessment against the Residential Unit and may be collected as provided herein for the collection of Special Assessments.

ARTICLE XIV **INSURANCE AND RECONSTRUCTION**

14.1 Owner's Casualty Insurance. Each Owner shall bear the risk of loss and damage to his Residential Unit and any and all furniture, personal effects and other personal property belonging to such Owner which property is located either in the Residential Unit or in or on the Common Properties. The foregoing shall not apply: (a) to any property constituting a portion of the Common Properties; or (b) to fixtures, installations or additions covered by the Association's casualty policy as provided in this Declaration. Each Owner shall at the Owner's own expense, obtain insurance coverage for casualty loss of or damage to the Owner's Residential Unit, including without limitation fire, flood and windstorm. Insurance coverage for loss to personal property shall be obtained in the discretion of each Owner.

14.2 Owner's Liability Insurance. Each Owner shall be liable for injuries or damages resulting from an accident in his own Residential Unit, to the same extent that a homeowner would be liable for an accident occurring within his house. Each Owner may, at his own expense, obtain insurance coverage against personal liability for injury to the person or property of another while within such Owner's Residential Unit. No Owner shall be liable personally for any damages caused by the Association in connection with the use of the Common Properties.

14.3 Requirements Concerning Owner's Insurance. All such insurance obtained by any Owner shall, wherever available, state that the insurer waives its right of subrogation as to any claims against: (a) other Owners; (b) the Association; and (c) the respective servants, agents and guests of other Owners.

14.4 Reconstruction of Residential Unit. In the event of loss or damage to a Residential Unit the Owner, with all due diligence, shall repair, replace and restore such damaged or destroyed portions of the Residential Unit to a condition as good as that before such loss or damage: (a) in accordance with the original plans and specifications for the Building; or (b) as the Building was last constructed; or (c) in accordance with plans approved by the Board of Administration. If the Owner shall refuse or fail to commence repair, replace or restore his Residential Unit within thirty (30) days, or to complete such work within six (6) months, the Association may repair, replace or restore the Residential Unit and charge the Owner for the cost of such work. The Association shall have a lien on the Residential Unit to secure reimbursement of such cost.

14.5 Association's Casualty Insurance. The Association shall maintain casualty insurance covering all buildings, including fixtures, installations or additions comprising parts of the buildings within the Common Properties, in accordance with the original plans and specifications, together with all service machinery contained therein, in an amount not less than 100% of the replacement value thereof (subject to reasonable deductible clauses), excluding foundation and excavation costs, all as determined annually by the Board. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by a standard extended coverage endorsement; and (b) such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism and malicious mischief.

14.6 Association's Liability Insurance. The Association shall maintain comprehensive general public liability and automobile liability insurance covering loss or damage resulting from accidents or occurrences on or about or in connection with The Hammock or adjoining driveways and walkways, or any work, matters or things related to The Hammock or to this Declaration and its exhibits, with such coverage as shall be required by the Board, but with combined single limit liability of not less than \$1,000,000 for each accident or occurrence, \$300,000 per person and \$50,000 property damage, and with cross liability endorsement to cover liabilities of the Owners as a group to a Owner and vice versa.

14.7 Association's Worker's Compensation Insurance. The Association shall maintain worker's compensation insurance to meet the requirements of law.

14.8 Other Types of Insurance. The Association also shall maintain:

- A. Flood insurance;
- B. Fidelity insurance covering all officers and employees of the Association;
- C. Directors' liability insurance, if obtainable, with limits of \$300,000; and
- D. Such other insurance as the Board shall determine from time to time to be necessary and proper.

14.9 Insurer's Waiver. When appropriate and obtainable each of the foregoing policies shall waive the insurer's right to: (a) subrogation against the Association and against the Owners individually and as a group; (b) the prorata clause that reserves to the insurer the right to pay only a fraction of any loss if other insurance carriers have issued coverage upon the same risk; and (c) avoid liability for a loss that is caused by an act of the Board or by an Administrator or by one or more Owners.

14.10 Purchase of Association's Insurance. All authorized insurance for the Common Properties shall be purchased by the Association. The cost of the insurance shall be a Common Expense, as shall be

any other fees and expenses incurred which may be necessary or incidental to carrying out the provisions hereof, except that the amount of increase in any premium occasioned by misuse, occupancy or abandonment of a Residential Unit or its appurtenances by an Owner shall be assessed against such Owner. Each policy shall be issued by an insurance company authorized to do business in Florida and with an office or agent located in the County.

14.11 Named Insured. The named insured shall be the Association individually and as agent for Owners and their mortgagees covered by the policy, without naming them.

14.12 Payment of Proceeds and Copies of Policies. All casualty policies insuring the structural components of Residential Units shall to the fullest extent available provide that the insurer's payments for losses shall be made to the Insurance Trustee for the use and benefit of the Insured, and copies of all policies and endorsements shall be deposited by each Owner with the Association.

14.13 Mortgagees. Each insurance policy, and company issuing the policy and the Insurance Trustee shall be subject to the approval of the Institutional Lender then holding the greatest dollar volume of Residential Unit mortgages. One copy of each insurance policy or a certificate evidencing same, and all endorsements thereon, shall be furnished by the Association to each mortgagee included in the mortgagee register. Copies or certificates shall be furnished not less than ten (10) days prior to the beginning of the term of the policy or not less than ten (10) days prior to the expiration of each preceding policy that is being renewed or replaced, whichever date shall occur first.

14.14 Insurance Trustee; Proceeds. All insurance policies of the Association shall be for the benefit of the Owners and their mortgagees, as their interests may appear, and shall provide that all proceeds covering property losses for structural components of Residential Units shall be paid to the Insurance Trustee, as designated by the Board, which shall be any bank, savings and loan or trust company in Florida with trust powers and with its principal place of business in the County. The Insurance Trustee shall not be liable for payment of premiums or for the renewal or the sufficiency of policies, or for the failure to collect any insurance proceeds. The Insurance Trustee's duty shall be to receive such proceeds as are paid and to hold the same in trust for the Owners and their respective mortgagees in the following shares (which shares need not be set forth in the Insurance Trustees records):

14.15 Damage to Common Properties. All proceeds from insurance policies insuring Common Properties shall be paid to the Association.

14.16 Damage to Multiple Residential Units within a Building. When more than one Residential Unit in a Building is damaged and the Building is to be restored, an undivided share of the proceeds shall be held for each Owner in such Building in that the cost of repairing the damage sustained by each Residential Unit as determined by the Insurance Trustee, bears to the total proceeds received.

14.17 Assessments Where Proceeds are Insufficient. If it shall appear that the insurance proceeds covering casualty loss or damage are insufficient to pay for the repair, replacement or reconstruction of the loss or damage sustained by all Residential Units within a Building, then the Owners of the damaged Residential Units in such Building shall deposit with the Insurance Trustee a sum which, together with the insurance proceeds, will be sufficient to completely pay for the repair, replacement or reconstruction of such loss or damage. If any Owner fails to deposit such Owner's share of the required fund, then the Association shall levy and collect an assessment against such Owner, in the amount needed to pay such Owner's share for such repair, replacement or reconstruction.

14.18 Distribution of Proceeds. Proceeds of insurance policies received by the Insurance Trustee shall be distributed in the following manner:

A. Expenses of the Trust. All expenses of the Insurance Trustee shall be first paid or provision made therefor.

B. Reconstruction or Repair. All expenses for the repair, replacement or reconstruction of the structural components of each damaged Residential Unit shall next be paid or provision made therefor.

C. Remaining Proceeds. If the damage shall be repaired or reconstructed, the remaining proceeds shall be paid to defray the costs thereof. Any proceeds remaining after defraying such costs shall be distributed according to the Owners from whom proceeds were paid to the Insurance Trustee and their mortgagees, being payable jointly to them. Such payment shall be based upon the prorata relationship of payments made by all Owners to the Insurance Trustee.

D. Failure to Reconstruct or Repair. If it is determined that the damage shall not be reconstructed or repaired, the remaining proceeds shall be divided among all the Owners in proportion to their respective contributions to the Insurance Trustee; provided, however, that no payment shall be made to a Owner until all liens on his Residential Unit have been satisfied from his share of the fund by distributing first to the Institutional Lender in an amount sufficient to satisfy and pay its mortgages in full, and the balance, if any, to the Owner with the provision that remittances to the Owner and his mortgagee shall be payable jointly to them.

E. Certificate. In making distribution to Owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Association executed by its President and Secretary as to the names of the Owners and their mortgagees.

14.19 Mortgagees. Certain provisions in this Article are for the benefit of the mortgagees of Residential Units and may be enforced by such mortgagees. No mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions thereof made pursuant to this Article. No mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

14.20 Association as Agent. The Association is hereby irrevocably appointed agent for each Owner and mortgagee to adjust all claims arising under insurance policies purchased by the Association to insure the Common Properties and to execute and deliver releases upon the payment of claims.

14.21 Determination to Reconstruct or Repair. The Association shall be responsible for reconstruction and repair after casualty loss or damage to the Common Properties.

14.22 Plans and Specifications. Any reconstruction or repair of any Residential Unit or the Common Properties must either be: (a) substantially in accordance with the original plans and specifications for the original improvements; or (b) according to plans and specifications approved by the Board and the Architectural Committee of the Homeowner's Association. If the damaged property is a Building containing Residential Units, then the plans and specifications must be approved by the Owners owning at least two-thirds (2/3) of the Residential Units, including the Owners of all Residential Units (and their respective mortgagees) which are to be altered by virtue of such plans and specifications.

14.23 Contracts for Repair of Residential Units. The Insurance Trustee shall obtain reliable and detailed estimates of the cost to rebuild or repair damage. The estimates shall be obtained immediately after a determination is made to rebuild or repair. Before they may become binding, all contracts for repair, replacement or reconstruction of loss or damage shall be approved by a majority of the damaged Residential Units within the affected Building.

14.24 Responsibility to Insure Improvements. Each Owner shall insure the Improvements owned by such Owner. Insurance coverage for the Residential Units shall include all perils, including, without limitation, hazard, fire, windstorm and flood. The cost of such insurance shall be borne by the Owner. Insurance for each Residential Unit shall be in an amount equal to the full "replacement" value thereof.