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BYLAWS

OF

LUMSDEN TRACE/VALRICO HOMEOWNER'S ASSOCIATION, INC., a not-for-profit Florida corporation

ARTICLE I.

DEFINITIONS

Terms used in these Bylaws, unless otherwise defined in these Bylaws, shall have the meanings described in Article I of the Declaration of Covenants and Restrictions for LumsdenTrace/Valrico Homeowner's Association, Inc., a not-for-profit Florida corporation (the "Declaration").

ARTICLE II.

LOCATION

The principal office of the Association shall be located at 776 W. Lumsden Road, Suite 107, Brandon, Florida 33511.

ARTICLE III.

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION/TURNOVER

Section 1. Membership. The method for determining what persons or entities are Members of the Association and the extent of their voting rights are set forth in the Articles of Incorporation of the Association and the Declaration.

Section 2. Lien Rights of Association. The rights of membership are subject to the payment of Periodic and Special Assessments levied by the Association. The obligation to pay such assessments is imposed against each Owner of a Lot and becomes a lien upon the Lot and any dwelling on the Lot as provided by Article V of the Declaration.

Section 3. Suspension of Membership Rights. The membership rights of any person whose interest in the Properties is subject to assessments under Section 2 herein, whether or not be personally obligated to pay such assessments, may be suspended by action of the Board of Directors during the period when the assessments remain unpaid; but upon payment of such assessments, such rights and privileges shall be automatically restored. If the Board of Directors have adopted and

published rules and regulations governing the use of the Common Properties and any Member or his guest or invitee violates these rules and regulations, the Board of Directors have the power to suspend the rights of any Member as a result of the violation and such rules and regulations as provided in Article IV, Section 3 of the Declaration.

Section 4. Designation of Voting Member.

(a) If a Lot is owned by one person, the right to vote shall be vested in the record title Owner of the Lot. If a Lot is owned by more than one person, the person entitled to cast the vote of the Lot shall be designated in a Certificate to be filed with the Secretary of the Association, signed by all of the record Owners of the Lot. If a Lot is owned by a corporation, it shall designate the officer or employee entitled to cast the vote of the Lot by executing a Certificate to be filed with the Secretary of the Association, signed by an officer of the corporation. The person designated in such Certificate shall be known as the Voting Member.

(b) Such Certificate shall be valid until revoked or superseded by a subsequent Certificate, or until a change occurs in the ownership of the Lot. If, for a Lot owned by more than one person or by a corporation, such Certificate is not on file with the Secretary of the Association, a vote for the Lot shall not be counted in determining the presence of a quorum or for any purpose requiring the approval of the person entitled to cast the vote for the Lot, except if said Lot is jointly owned by husband and wife.

(c) If a Lot is owned jointly by a husband and wife, the following provisions are applicable:

(i) They may, but they shall not be required to, designate a Voting Member;

(ii) If they do not designate a Voting Member, and if both are present at a meeting but are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting.

(iii) Where they do not designate a voting Member, and only one is present at a meeting, the person present may cast the vote of the Lot.

ARTICLE IV.

PROPERTY RIGHTS AND RIGHTS
OF ENJOYMENT OF COMMON PROPERTY

Section 1. Use of Common Properties. Each Member shall be entitled to the use and enjoyment of the Common Properties as provided by Article IV of the Declaration.

Section 2. Delegation of Membership Rights. Any Member may delegate his rights of enjoyment in the Common properties and facilities to the members of his family who reside upon the Lot or to any of his properly approved tenants who reside thereon under a leasehold interest. Such Member shall notify the Secretary of the Association in writing of the name of any such person and of the relationship of the Member to such person. The rights and privileges of such person are subject to suspension under Article IV, Section 3, of the Declaration to the same extent as those of the Member.

ARTICLE V.

BOARD OF DIRECTORS

Section 1. Board of Directors. The affairs of the Association shall be managed by a Board of not less than three (3) nor more than seven (7) Directors none of whom need be members of the Association. The terms and election of the Board of Directors shall be as provided in the Articles of Incorporation.

Section 2. Vacancies in the Board. Vacancies in the Board of Directors shall be filled by appointment by the Directors at a Special Meeting duly called for that purpose. Such appointed Directors shall serve until the remaining term of the Directors expires.

Section 3. Election Procedures. At the election of Directors by Members other than the Developer, the Members or their proxies may cast as many votes as they are entitled under the Declaration with respect to each vacancy. The names receiving the largest number of votes shall be elected. Nominations for election to the Board of Directors shall be made by a Nominating Committee which shall be one of the Standing Committees of the Association. All elections to the Board of Directors shall be made on written ballot which shall (a) describe the vacancies to be filled; (b) set forth the names of those nominated by the Nominating Committee for such vacancies; and (c) contain space for a written vote by the Members and shall be mailed to the Members at least fourteen (14) days in advance of the date set forth therein for a return (which shall be a date not later than the day before the annual meeting or special meeting called for election). The existing Board of Directors may establish alternative voting procedures in the event of a tie vote. Each Member shall receive as many ballots as such Member has votes. Notwithstanding that a Member may be entitled to several votes, such Member shall exercise on any one ballot only one vote for each vacancy shown thereon.

Section 4. Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each such annual meeting.

Section 5. Nominations. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine but not less than the number of Vacancies that are to be filled. Such nominations may be made from among Members or nonmembers, as the Committee in its discretion shall determine. Nominations shall be placed on written ballot as provided in Section 3.

ARTICLE VI.

DUTIES OF THE BOARD OF DIRECTORS

It shall be the duty of the Board of Directors:

1. To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting of the Members or at any Special Meeting when such is requested in writing by one-fourth (1/4) of the voting membership, as provided in Article X, Section 2.

2. To supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

3. As more fully provided in Article V of the Declaration:

(a) To fix the amount of the assessment against each Lot and for each assessment period at least thirty (30) days in advance of such date or period and, at the same time;

(b) To prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member and at the same time;

(c) To send written notice of the amounts of each periodic Assessment to every Owner subject thereto, prior to the beginning of each Fiscal Year;

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

(e) In the event that any member of the Board of Directors of this Association shall be absent from two (2) consecutive, special or regular meetings of the Board of Directors, the Board may, by action taken at the meeting during which the second absence occurs, declare the office of said absent Director to be vacant.

ARTICLE VII.

DIRECTORS' MEETING

Section 1. Annual Meeting. The Annual Meeting of the Board of Directors shall be held immediately following the Annual Membership Meeting provided that the Board of Directors may, by resolution, change the day and hour of holding such Annual Meeting.

Section 2. Notice of Annual Meeting. Notice of such Annual Meeting is hereby dispensed with unless the day and hour of holding such Annual Meeting is changed and in which case, notice of such change must be provided to each director at least three days in advance of the meeting. If the day for the Annual Meeting shall fall upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no notice thereof need be given.

Section 3. Special Meetings. Special meetings of the Board of Directors will be held when called by any officer of the Association or by any two directors after not less than three (3) days' notice to each director.

Section 4. Waiver of Notice of Meetings. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and, if either before or after the meeting each of the directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents, or approval shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 5. Quorum Requirement. The majority of the Board of Directors shall constitute a quorum thereof.

Section 6. Voting Requirement. Unless otherwise provided in these Bylaws or by the Declaration or Articles of the Association, a majority of those Directors present at a duly constituted Meeting of the Board shall be required for consent to an action of the Board.

ARTICLE VIII.

OFFICERS

Section 1. Generally. The officers shall be a President, a Vice president, a Secretary, a Treasurer and such additional officers as the Board of Directors considers necessary. The President shall be a member of the Board of Directors and shall act as Chairman thereof.

Section 2. Election. The officers shall be elected by majority of the Directors.

Section 3. Board Control. The officers shall hold office at the pleasure of the Board of Directors.

Section 4. President. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out.

Section 5. Vice President. The Vice President shall perform all the duties of the President in his absence.

Section 6. Secretary. The Secretary shall be the ex officio secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for that purpose. He shall sign all certificates of membership. He shall keep the records of the Association. He shall record in a book kept for the purpose the names of all Members of the Association together with their addresses as registered by such Members.

Section 7. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget accepted by the Board of Directors. The Treasurer shall sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the President or the Vice President. The Treasurer shall keep proper books of account and cause an annual unaudited report of the Association's finances to be made by a certified public accountant at the completion of each fiscal year. He shall prepare an annual balance sheet statement, and the budget and balance sheet statement shall be presented to the membership at its regular annual meeting.

ARTICLE IX.

COMMITTEES

Section 1. Standing Committees. The Board of Directors may appoint such Standing Committees of the Association as it shall determine at its discretion. If appointed, certain of the committees would have the following functions. Any two or more committees could be combined into one committee.

Section 2. Nominating Committee. The Nominating Committee shall have the duties and functions described in Article V of the Bylaws.

Section 3. Design Review Committee. The Design Review Committee shall have the duties and functions described in Article VI of the Declaration. It shall ascertain any proposals, programs, or activities which in its opinion may adversely affect the residential value of the Properties and shall advise the Board of Directors regarding Association action on such matters.

Section 4. General Duties of Committees. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE X.

MEETINGS OF MEMBERS; QUORUM

Section 1. Annual Meeting.

(a) The regular Annual Meeting of the Membership shall be held annually on the third Tuesday in January of each year; which may be changed to any day within seven (7) days before and after such date upon fifteen (15) days written notice to the Members. The first regular Annual Meeting of the Membership shall be held in the year following the Turnover Meeting on the day described in the preceding sentence. If the day for the Annual Meeting of the Membership shall fall upon a holiday, the meeting will be held on the first day following which is not a holiday. The purpose of such meeting shall be the election of Directors, and the transaction of other business authorized to be transacted by Members.

(b) The order of business shall be as follows:

- (i) Calling of the role and certifying of proxies.
- (ii) Proof of Notice of Meeting or Waiver of Notice.
- (iii) Reading and approval of minutes.
- (iv) Reports of officers.
- (v) Reports of committees.
- (vi) Election of Directors.
- (vii) Unfinished business.
- (viii) New business.
- (ix) Adjournment.

(c) The approval of the annual budget shall not be included in the Annual Meeting but shall be the subject of a Special Meeting held for that purpose in December of each year.

Section 2. Special Meetings. Special Meetings of the Members for any purpose may be called at any time by the president, Vice President, the Secretary or Treasurer, or by a majority of the members of the Board of Directors, or upon written request of the Members who have a right to vote one-fourth of all of the vote of the Class "A" membership.

Section 3. Regular Meetings. The Board of Directors may establish a day, place, and time for regular meetings of the Membership.

Section 4. Notice of Meetings. Notice of any meetings shall be given to the members by the Secretary of the Association. Notice, when by mail, shall be sent to the address of the Member appearing on the books of the Association at the time of the mailing of the Notice. Each Member shall register his address with the Secretary of the Association for purposes of mailing of notices of meetings. Notice of any meeting, regular or special, shall be given at least fourteen (14) days in advance of the meeting and shall set forth in general the nature of the business to be transacted; provided, however, that if the business of any meeting shall involve any action governed by the Articles of Incorporation or by the Declaration, notice of such meeting shall be given or sent as provided therein, or if not provided therein, then at least thirty (30) days notice.

Section 5. Quorum for Membership Actions. The presence at the meeting of members entitled to cast, or of proxies entitled to cast one-third (1/3) of the combined vote of both classes of membership shall constitute a quorum for any action governed by these Bylaws. Any action governed by the Articles of Incorporation or by the Declaration applicable to the Properties shall require a quorum as therein provided.

Section 6. Chairperson. The chairperson of the Turnover Meeting or any Membership Meeting shall be the President of the Association or any other officer of the Association designated by the Board of Directors.

Section 7. Vote Required for Consent. Unless otherwise provided in these Bylaws or the Declaration or Articles of Incorporation of the Association, the affirmative vote of a majority of the combined votes of all Members present at a duly constituted meeting of the Membership shall be required to confirm any action by the Membership.

ARTICLE XI.

PROXIES

Section 1. Validity. At all meetings of members, each member may vote in person or by proxy. The presence at a duly constituted meeting of the Membership of a person holding a valid proxy on behalf of a Member shall constitute the presence of such Member at the meeting.

Section 2. Filing/Duration. All proxies shall be in writing and filed with the Secretary of the Association. No proxy shall extend beyond a period of ninety (90) days and every proxy shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE XII.

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours upon at least 24 hours notice, be subject to the inspection of any members.

ARTICLE XIII.

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words:

LUMSDEN TRACE/VALRICO HOMEOWNER'S ASSOCIATION, INC.

ARTICLE XIV.

FISCAL YEAR

The "Fiscal Year" of the Association shall be the calendar year.

ARTICLE XV.

LOSS OR DAMAGE OF PROPERTY

The Association shall not be liable nor responsible for the destruction or loss of, or damage to, the property of any member, or visitor, or any person.

ARTICLE XVI.

PROCEDURE FOR MEETINGS

Robert's Rules of Order, revised as of the date of the meeting, shall govern the conduct of all corporate meetings, unless in conflict with these Bylaws, the Declaration, the Articles of Incorporation of the Association or the laws of the State of Florida.

ARTICLE XVII.

AMENDMENTS

Section 1. These Bylaws may be amended, altered or rescinded by a two-thirds (2/3) vote of the members of the Board of Directors present at a duly called meeting of the Board or by two-thirds (2/3) of the votes of each class of Members present in person or by proxy at a duly called meeting of the Membership; provided that those provisions of these Bylaws which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the Declaration applicable to the Properties may act be amended except as provided in such Declaration.

Section 2. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration applicable to the properties and these Bylaws, the Declaration shall control.

ARTICLE XVIII.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and Officer for the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees reasonably incurred by or imposed upon him in connection with any proceeding or settlement thereof in which he may become involved, by reason of his being or having been a Director or Officer of the Association. This

indemnification shall apply whether or not he is a Director or Officer at the time such liabilities or expenses are incurred, except in cases wherein the Director or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties. In the event of a settlement, the indemnification established herein shall apply only when the Board approves such settlement and reimbursement as being for the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled. The Board of Directors of the Association shall have the power to purchase and maintain insurance to cover such indemnification.

The foregoing Bylaws are certified to be the true and correct Bylaws of the Association.

By: 
SECRETARY

prepared by: Paragon
Record & Return to
First American Title WJE
1395 Oakfield Dr.
Brandon, FL 33511

DECLARATION OF COVENANTS AND RESTRICTIONS

FOR

**LUMSDEN TRACE/VALRICO HOMEOWNER'S ASSOCIATION, INC.,
a not-for-profit Florida corporation**

THIS DECLARATION is made this 15th day of October, 1998,
PARAGON HOMES CORPORATION, a Florida corporation, hereinafter called "Developer".

WITNESSETH:

WHEREAS, Developer is the owner of the real property described in Article II of this Declaration and desires to create a residential community on such property with open spaces and other common properties for the benefit of such community, to be known as "Lumsden Trace"; and,

WHEREAS, Developer desires to provide for the preservation of the values and amenities in Lumsden Trace and for the maintenance of its common properties; and

WHEREAS, Developer has deemed it desirable for the efficient preservation of the values and amenities in Lumsden Trace, to delegate and assign to a newly formed nonprofit corporation the powers of maintaining and administering the community properties and administering and enforcing these covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, the Developer has incorporated or will incorporate under the laws of the State of Florida, as a nonprofit corporation, LUMSDEN TRACE/VALRICO HOMEOWNER'S ASSOCIATION, INC., for the purposes of exercising the functions stated above, which Association is not intended to be a "Condominium Association" as such term is defined and described in the Florida Condominium Act (Chapter 718 of the Florida Statutes).

NOW, THEREFORE, the Developer declares that the real property described in Article II, and such additions to such real property as may be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth.

DEPUTY CLERK D Ruprecht
HILLSBOROUGH COUNTY
RICHARD AKE CLERK OF COURT
RECORDED 10/21/98 03:35 PM
OR BK 09294 PG 1895
INSTR # 98314168

ARTICLE I.

DEFINITIONS

Section 1. The following words shall have the following meanings:

- (a) "Articles" means the Articles of Incorporation of the Association.
- (b) "Assessment" means any Periodic Assessment, Special Assessment or other charge as described in Section 2 of Article V.
- (c) "Assessment Period" shall mean a calendar quarter commencing the first day of January, April, July and October, respectively, of each year, unless otherwise provided by the Board of Directors.
- (d) "Association" shall mean and refer to Lumsden Trace/Valrico Homeowner's Association, Inc., whose purpose is to administer the Properties in accordance with the provisions of the Land Use Documents.
- (e) "Board" means the Board of Directors of the Association.
- (f) "Bylaws" means the Bylaws of the Association.
- (g) "Common Properties" shall mean and refer to those areas of land shown on each Plat of the Properties and intended to be devoted to the common use and enjoyment of the owners of the Properties, in accordance with the terms of this Declaration.
- (h) "Developer" means PARAGON HOMES CORPORATION, a Florida corporation, and its successors and assigns. Any rights specifically reserved to Developer in any instrument of conveyance shall not inure to the benefit of its successors or assigns unless such rights are assigned by Developer in a recorded instrument to such successor or assignee and such successor or assignee accepts the obligations of Developer. The Developer may assign or pledge any or all of its rights reserved under the Land Use Documents upon a specific designation to such assignee in an assignee in an instrument of conveyance or assignment. Reference to Paragon Homes as the Developer is not intended, and shall not be construed, to impose upon Paragon Homes any obligation or liability for the acts or omissions of third parties who purchase Lots within Lumsden Trace from Paragon Homes and develop and resell such Lots.
- (i) "Dwelling Unit" means any residential dwelling unit intended as an abode for one family constructed on the Properties, including single family detached houses, patio homes, duplex townhomes and condominiums.

(j) "First Mortgagee" shall mean and refer to an Institutional Lender who holds a first mortgage on a Lot and who has notified the Association in writing of its interest in the Lot.

(k) "Institutional Lender" shall mean and refer to one or more commercial or savings banks, savings and loan associations, mortgage companies, insurance companies, pension funds, or business trusts including but not limited to real estate investment trusts, and any other lender engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such lender, or any private or governmental institution which has insured the loan of the lender, or any combination of the foregoing entities.

(l) "Land Use Documents" shall mean this Declaration, the Articles, Bylaws, and the Rules, if any.

(m) "Lot" shall mean and refer to each portion of land shown upon each Plat which has been designated by the Developer to contain a Dwelling Unit.

(n) "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article III, Section 1 hereof.

(o) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot but, notwithstanding any applicable theory of the mortgage, shall not mean or refer to the mortgagee unless and until such mortgagee has acquired fee simple title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(p) "Plat" means each plat of the Property to be recorded in the Public Records of Hillsborough County, Florida.

(q) "Properties" or "Property" shall mean and refer to the property described in Section 1 of Article II of this Declaration.

(r) "Rules" means any and all rules and regulations of the Association promulgated by the Board pursuant to its powers under any Land Use Document.

(s) "Single Family" shall mean and refer to either a single person occupying a dwelling and maintaining a household, including not more than one authorized tenant; or two (2) or more persons related by blood, marriage, or adoption occupying a dwelling and living together and maintaining a common household, including not more than one authorized tenant; or not more than four (4) unrelated persons occupying a dwelling as distinguished from a group occupying a boarding or lodging house, hotel, club or similar dwelling for group use.

(t) "Turnover" shall mean that date following conversion of Class "B" votes to Class "A" votes upon which the Developer conducts a Special Meeting of the Membership for the purpose of electing officers and directors, as set forth in Article III of this Declaration.

(u) "Unimproved Lot" shall mean and refer to a Lot owned by the Developer for which a certificate of occupancy or completion for a dwelling has not been issued by the appropriate governmental authority.

ARTICLE II.

PROPERTY SUBJECT TO THIS DECLARATION AND ADDITIONS THERETO

Section 1. Property. The real property which initially is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration is located in Hillsborough County, Florida, and is more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference.

(a) Additions to Property. Additional lands may become subject to this Declaration in the following manner:

(b) Additions by the Developer. The Developer may from time to time bring other land under the provisions hereof by recorded supplemental declarations (which shall not require the consent of Owners or the Association or any mortgagee) and thereby add to the Properties.

(c) Additions by Approval of Members. Without restriction upon the Developer to add to the Properties in the manner provided in the foregoing Paragraph (a), upon approval in writing of the Association pursuant to a vote of its Members as provided in the Articles, the owner of any property who desires to add to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may file of record a Supplemental Declaration of Covenants and Restrictions with respect to the additional property, which shall extend the scheme of the covenants and restrictions of this Declaration to such property.

Section 2. Site Plan Changes. Developer reserves the right to make such changes and/or modifications to any plat or site plan as are required by appropriate governmental authorities or at Developer's sole discretion with the approval of the appropriate governmental authorities.

ARTICLE III.

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION; TURNOVER

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot shall be a Member of the Association, provided that any such person or entity who holds an interest merely as security for the performance of an obligation shall not be a Member.

Section 2. Voting Rights: The Association shall have two classes of voting membership:

(a) Class "A" - Class "A" Members shall be all those Members as defined in Section 1 of this Article III with the exception of the Developer. A Class "A" Member may be an individual or an entity (such as a corporation, partnership, etc.). Where more than one individual or entity owns the fee or undivided fee interest in a Lot, all such individuals and entities shall each be Class "A" Members (whether or not the Lot is improved, partially improved, or otherwise). Each Lot is entitled to vote on all matters submitted to a vote of the Membership of the Association. Such vote shall be exercised by the Class "A" Member for such Lot provided however, that where there is more than one Class "A" Member for any particular Lot, the vote for that Lot shall be exercised by the various Class "A" Members as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot. The ByLaws may establish procedures for voting when the title to a Lot is held in the name of a partnership, a corporation, or more than one person or entity. A builder which owns the fee interest in a Lot shall be a Class "A" Member for such Lot, even if such builder intends to resell such Lot to an owner/occupant at a later date.

(b) Class "B"

(i) The Class "B" Member shall be the Developer. The Class "B" Member shall be entitled to three votes for each Lot in which it holds the interest required for Membership by Section 1 of this Article III, provided that the Class "B" Membership shall cease and become converted to Class "A" Membership on the happening of the earlier of either of the following events:

(A) when the total votes of the Class "A" Membership equal the total votes

(B) at any earlier time that the Developer, in its sole discretion, voluntarily converts its Class "B" Membership to Class "A" Membership.

(ii) From and after the happening of the earlier of these events, the Class "B" Member shall be deemed to be a Class "A" Member entitled to one vote for each Lot in which it holds the interest required for Membership under Section 1 of this Article III.

(iii) Any Director appointed by the Class B Member shall serve at the pleasure of the Class B Member and may be removed only by action of the Class B Member, and may be removed from office and a successor Director appointed at any time by the Class B Member.

Section 3. Turnover. Within ninety (90) days after the Developer no longer has the right to elect or appoint a majority of the Board, the Members shall assume control of the Association and the Association shall conduct a Special Meeting of the Membership (the "Turnover Meeting") for the purpose of electing the Board of Directors. However, as long as the Developer is the Owner of one Lot, the Developer shall be entitled to appoint one Member to the Board of Directors.

Section 4. Developer Rights in the Association. The Developer shall be entitled to appoint one (1) member of the Board of Directors of the Association for as long as the Developer is the owner of any of the Properties which it offers for sale in the ordinary course of its business. While the Developer is entitled to representation on the Board, whether the Developer exercises that right to appointment or not, the Board shall have no authority to, and shall not, without Developer's consent, undertake any action which shall:

(a) prohibit or restrict in any manner the sales and marketing program of the Developer;

(b) decrease the level of maintenance services of the Association performed by the initial Board of Directors as specified in the initial budget of the Association;

(c) make any special or individual assessment against or impose any fine upon the Developer's property within Lumsden Trace or the Developer;

(d) alter or amend the Declaration, any subsequent amendment thereto, the Articles or Bylaws of the Association;

(e) terminate or waive any rights of the Association under this Declaration;

(f) terminate or cancel any easements granted hereunder or by the Association;

(g) terminate or impair in any fashion any easements, powers or rights of the Developer hereunder; or

(h) restrict the Developer's right of use of access and enjoyment of any of the Properties, unless the Developer consents to the action. The Developer's consent shall be exercised by its appointee on the Board or other person designated to so act by the Developer.

ARTICLE IV.

PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3 of this Article IV, the use restrictions contained in Article IX, and the additional provisions of this Declaration, every Member, his agents, licensees and invitees, shall have a permanent and perpetual easement for the use and enjoyment of the Common Properties and each easement shall be appurtenant to and shall pass with a title to every Lot. Such easements of enjoyment shall include but not be limited to the Member's right of ingress and egress over the streets, roadways and

walkways on the Common Properties for purposes of access to the Member's Lot, which right of ingress or egress shall not be subject to any fees or charges.

Section 2. Title to Common Properties.

(a) The Developer shall convey (and the Association shall accept such conveyance) the Common Properties to the Association prior to the conveyance of a Lot to an owner for occupancy of a dwelling unit constructed on the Lot, free and clear of all liens and encumbrances, except this Declaration, covenants and restrictions of record at the time of the conveyance of the Common Properties to the Association, the Plat, real and personal property taxes for the year in which the conveyance takes place, and any easements created or allowed by the terms of this Declaration.

(b) Even though legal title to the Common Properties will be in the name of the Association, rights to use the Common Properties can not be conveyed without conveyance of the Lots and the Common Properties can not be conveyed by the Association except as provided herein or in the Articles.

Section 3. Limitation of Members' Easements. The rights and easements of use and enjoyment created hereby shall be subject to the following:

(a) the right of the Association, as provided in its Articles and Bylaws, to suspend the enjoyment rights of any Member for a period during which any assessment remains unpaid, or for a period not to exceed sixty (60) days for any violation of this Declaration, the Association's Articles, Bylaws or published rules, if any, and regulations;

(b) the right of the Association to dedicate or transfer all or any part of the Common Properties to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the Members; provided that no such dedication or transfer, shall be effective unless an instrument signed by the appropriate officers of the Association certifying that a Special or Regular Meeting of Members called for such purpose, of which thirty (30) days' prior written notice was sent to each Member, that the vote of two-thirds (2/3) of the Members present, either in person or by proxy, was obtained, agreeing to such dedication or transfer;

(c) the right of the Association to grant exclusive easements and rights-of-way over certain parts of the Common Properties to Members of the Association when the Association deems it necessary;

(d) the right of the Developer, without approval of the Association, or the Membership, to dedicate easements and rights-of-way over the Common Properties in accordance with the terms of this Declaration;

(e) the right of the Association to adopt and enforce at any time rules and regulations governing the use of the Common Properties;

(f) the right of the Association to grant to governmental agencies the right to install and maintain water, sewer, drainage and irrigation facilities within the Common Properties;

(g) the right of the Developer, its successors and assigns, to permit persons other than Members and designated persons to use certain portions of the Properties may from time to time desire without interference from the Association. The right to the use and enjoyment of the Common Properties and facilities thereon shall extend to each permitted user's immediate family who reside with the user, subject to regulation from time to time by the Association in its lawfully adopted and published rules and regulations; and

(h) the easements described in Sections 4, 5 and 6 of this Article IV.

Section 4. Utility and Irrigation Easements. There is reserved unto the Developer so long as it owns a Lot the right to grant reasonable easements for the installation and maintenance of temporary roads, cable television services, security system services, public utilities and irrigation systems (including the installation of irrigation pumps) on the Common Properties and the Properties in addition to those easements already reserved.

Section 5. Easement for Governmental, Health, Sanitation and Emergency Services. A nonexclusive easement is hereby granted to the appropriate governmental authorities and to the appropriate private organizations supplying health, sanitation, police services and any emergency services such as fire, ambulance and rescue services, for purposes of ingress and egress over the Common Properties.

Section 6. Developer's Construction Activities. In addition to the property rights granted in this Declaration to the Developer, as an Owner or otherwise, the Developer is extended the right to enter upon the Properties at any time and in any way reasonably necessary to allow the Developer to construct or sell, or promote, in this subdivision or to carry out any responsibility of the Developer to Owners in this subdivision, subject to the limitations set forth in Section 3 (i) above.

ARTICLE V.

COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Developer, for each Lot owned by it within the Properties, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association: (1) Periodic Assessments or Charges; (2) Special Assessments for capital improvements; and other expenditures

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by the Association hereinafter provided. The Periodic and Special Assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due.

Section 2. Purpose and Basis of Assessments.

(a) The assessments levied by the Association shall be used exclusively for the purpose of promoting the health, safety, and welfare of the residents in the Properties and in particular for the improvement and maintenance of properties and services devoted to this purpose and related to the use and enjoyment of the Common Properties and of the Lots, including but not limited to, the payment of taxes and insurance on the Common Properties, and repair, replacement, and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof.

Section 3. Date of Commencement of Periodic Assessments; Due Dates; Assessment Period. Periodic Assessments shall commence as to each Lot on a date fixed by the Board of Directors of the Association to be the date of commencement. The due date of any assessment shall be fixed in the resolution authorizing such assessment. The total annual assessment shall be payable in one payment or in monthly or quarterly installments, as determined by the Board. All payments shall be scheduled to be paid in advance (as opposed to in arrears).

Section 4. Basis and Maximum Amount of Periodic Assessments.

(a) "Periodic Assessments" shall mean all assessments for the purposes described in Section 2 of this Article V except for Special Assessments described in Section 5 of this Article V. Until the Turnover Meeting, the Periodic Assessments and Special Assessments for all Class "A" Members shall be established by the Developer. As used herein, the term Periodic Assessments whether paid yearly, quarterly, monthly or otherwise.

(b) Until January 1 of the year immediately following the conveyance of the first Lot or Dwelling Unit to an Owner, the maximum annual assessment shall be THREE HUNDRED Dollars (\$ 300.00) per Lot, plus any amounts that may be assessed under Section 5 of this Article.

(c) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year without a vote of the Membership by a sum not more than ten percent (10%) above the sum of: (1) the maximum assessment for the previous year, adjusted to reflect price increases based on the Consumer Price Index for all Urban Consumers, All Cities - All Items (1967 = 100), plus (2) increases mandated by governmental agencies and/or increased costs incurred to obtain services from utility entities and insurance and reserves.

(d) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the provisions as described in Section 4(b)(i) by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(e) The Board may change the budget and level of Periodic Assessments at a duly constituted meeting of the Board which occurs after the Turnover Meeting, provided that written notice containing a copy of the newly adopted budget outlining the assessment change is sent to all Members at least thirty (30) days in advance of the effective date of the adopted change. For each twelve-month period thereafter commencing on the first day of January (hereinafter called an "Assessment Year"), the Periodic Assessments may be adjusted by vote of the Board at a duly held meeting after giving proper notice as described above.

Section 5. Special Assessments:

(a) The Board may levy in any Assessment Year Special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of capital improvements upon the Common Properties, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds of the members voting in person or by proxy at a meeting duly called for that purpose. The due date of any Special Assessment under this Article shall be fixed in a resolution authorizing such assessment.

(b) Funds in excess of \$5,000.00 in any one case which are necessary for the addition of capital improvements (as distinguished from repairs and maintenance) relating to the Common Properties under the jurisdiction of the Association and which have not previously been collected as reserves or are otherwise available to the Association shall be levied by the Association as Special Assessments only upon approval of a majority of the Board of Directors of the Association or upon approval by two-thirds (2/3) favorable vote of the Members of the Association voting at a duly constituted meeting of the Association.

(c) (i) The Board shall have the power to levy a Special Assessment directly against a single Lot (i.e., its Owner or Owners) or group of particular Lots (i.e., their Owners or Owners) where the Association has borne the cost of performing an action which should have been performed by such Owner or Owners but which action was not performed after prior written notice (thirty days) was given by the Association to such Owner or Owners, as provided in this Declaration. Such Special Assessment shall, if not paid promptly by such Owner or Owners, become a lien against the relevant Lot or Lots, in accordance with Section 8 below.

(ii) For purposes of Section 8, the date such Special Assessment is due is the thirtieth day after date of the written notice, unless prior to such thirtieth day such Owner or Owners demand, in writing, a hearing on such Special Assessment. The notice from the Association to such Owner or Owners must state, in bold print, that the Owner or Owners to whom the notice is

addressed has the right to demand a hearing therefor, if such demand is submitted in writing to the Association within the said thirty day period.

(iii) If a hearing is demanded, a hearing before quorum of the Board shall be granted, and the Board shall hear any and all evidence which the Owner or Owners wish to present. The Owner or Owners may be represented by counsel, if desired by such Owner or Owners (at his or their own expense). The hearing must be conducted in open session during reasonable hours, after prior (at least ten days) notice posted in conspicuous places within and around Lumsden Trace.

(iv) The Board shall, after hearing the evidence, make a decision within ten days of the date when all evidence has been presented. The decision of the Board shall be final, and shall be appealable by the affected Owner or Owners to a state court of competent jurisdiction.

Section 6. Uniform Rate of Assessment.

All Periodic and Special Assessments shall be at a uniform rate for each Lot. However, until such time as the Class "B" membership converts to Class "A" membership, the maintenance costs for the unsold Lots chargeable to the Developer will be determined as follows: The total amounts charged for common expenses to Lot Owners other than the Developer will be deducted from the total common expenses as incurred by the Association and the difference will be paid by the Developer as its contribution to cover the common expenses for the unsold Lots. The Association shall have a lien upon all unsold Lots until such difference is paid; such lien is to be enforceable in accordance with this Article. After the Class B membership converts to Class A membership, the Developer will pay the same assessment for common expenses on each of said Lots as every other owner. Nothing in this Section 6 shall be construed to require a Lot Owner other than the Developer to pay more than the maximum annual assessment in Section 4 above except in accordance with that section. Nor shall this Section 6 be construed to require a Lot Owner other than the Developer to pay more than his proportionate share (based on the total number of Lots under this Declaration) of the estimated operating budget for the year in question, which budget shall be determined as if all Lots which have been brought under the scope of this Declaration were occupied and the Association were in full operation.

Section 7. Duties of the Board of Directors.

(a) The Board of Directors of the Association shall prepare budgets and a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the assessment for each Assessment Year shall be sent to every Owner subject thereto at least thirty (30) days prior to the commencement of the Assessment Year.

(b) The Association shall, upon demand at any time, furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association setting forth whether

said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Effect of Nonpayment of Assessment; the Personal Obligation of the Owner; the Lien; Remedies of Association; Late Fees.

(a) If any assessment against a Lot is not paid on the date when due as established pursuant to Section 3, then such assessment shall be delinquent and shall, together with such interest thereon and cost of collection thereof, on such date be a continuing lien on the Lot which shall bind such property in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then Owner to such assessment shall remain his personal obligation for the statutory period of limitations.

(b) Prior to the voluntary sale of any Lot the Owner may request from the proper officers of the Association a certificate, in recordable form, as to whether the Owner has paid all assessments to date. The Owner requesting the certificate shall pay to the Association a reasonable sum to cover the costs of examining records and preparing the certificate.

(c) If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at a rate equal to six percent (6%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the outstanding assessments and/or bring an action to foreclose the lien against the Lot; and there shall be added to the amount of such assessment all costs of collection, including, but not limited to, the cost of any and all attorneys fees incident to collection whether or not suit is brought including attorneys' fees on appeal. In the event a judgment is obtained, such judgment shall include interest on the assessments and a reasonable attorneys' fee to be fixed by the Court together with costs incident to the action.

Section 9. Subordination of the Lien to Mortgages.

(a) The lien of the assessments against any Lot shall be subordinate to the lien of any First Mortgagee now or hereafter placed upon the Lot. If a First Mortgagee of record, or other purchaser, obtains title to such property as a result of foreclosure of the lien of such First Mortgagee or as a result of a deed given in lieu of foreclosure thereof, such acquirer of title and his successors and assigns shall not be liable for the assessments by the Association chargeable to the former Owner of such Lot which became due and payable prior to the acquisition of title as a result of the foreclosure or deed given in lieu of foreclosure, unless such assessments are secured by a Claim of Lien for assessments that is recorded prior to the recording of such mortgage.

(b) Such sale or transfer shall not relieve such Lot from liability for any assessments thereafter becoming due, or from the lien of any such subsequent assessment. Any such subsequent assessment shall be subordinate to the lien of a First Mortgage placed upon the Lot prior to the time of the recording of such subsequent assessment lien.

Section 10. Exempt Property. There shall be exempted from the assessments, charges and liens created herein (a) all properties to the extent any easement or other interest therein is dedicated and accepted by the local public authority and devoted to public use, (b) any Unimproved Lot retained by the Developer after the Turnover Meeting described in Section 3 of Article III.

ARTICLE VI.

DESIGN REVIEW COMMITTEE

Section 1. Members of Committee. As specified in the Bylaws, the Association shall have a Design Review Committee (the "DRC") consisting of three (3) members. The initial members of the DRC shall consist of persons (or their successors appointed by the Developers) designated by the Developer. Each of said persons shall hold office until all Lots have been conveyed by the Developer, a dwelling has been constructed on each Lot, and each such Lot with dwelling has been conveyed to an owner-occupant, or sooner at the option of the Developer. Thereafter, each new member of the DRC shall be appointed by the Board of Directors and shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein. The Board of Directors shall have the right to appoint and remove (either with or without cause) any and all members of the DRC at any time, except for members of the DRC appointed by the Developer.

Section 2. Developer's Rights.

(a) The Developer shall be exempt from the provisions of this Article VI with respect to alterations and additions to be made by Developer and shall not be obligated to obtain DRC approval for any construction or changes in construction which the Developer may elect to make at any time.

(b) Similarly, builders of improvements shall also be exempt from the provisions of this Article VI with respect to alterations and additions to be made by such builders, and shall not be obligated to obtain DRC approval for construction of improvements, provided that in each instance such builder has had the plans and specifications for such alteration, addition and/or construction first approved in writing by the Developer. This exemption shall not apply unless such alteration, addition and/or construction is performed pursuant to plans and specifications previously approved in writing by the Developer.

Section 3. Review of Proposed Construction.

(a) Subject to Section 2 above, no building, fence, wall or other structure or improvement (including landscaping) shall be commenced, painted, erected or maintained in the Properties, nor shall any addition, change or alteration visible from the exterior 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 DRC.

(b) The DRC shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations or additions contemplated hereby in the locations indicated will not be detrimental to the appearance of any structure affected thereby will be in harmony with the surrounding structures and is otherwise desirable. The DRC shall adopt architectural planning criteria for submissions, which criteria may be amended from time to time by the DRC. However, any proposal or plans and specifications submitted in compliance with paragraph (c) shall be subject to the criteria in effect prior to the date of submission and not to any amendments adopted after that date.

(c) The DRC 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 DRC may also issue rules or guidelines setting forth procedures for the submission of plans for approval. The DRC may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, elevation drawings and descriptions or samples of exterior materials and colors.

(d) Until receipt by the DRC of any and all required plans and specifications, the DRC may postpone review of any plans submitted for approval. The DRC shall have thirty (30) days after delivery of all required materials to approve or reject any such plans, and if not rejected within such 30-day period, said plans shall be deemed approved. Any decision of the DRC may be appealed to the Board within fifteen (15) days from the date of rendition of the decision of the DRC pursuant to procedures established by the Board.

(e) The DRC herein shall be the ultimate deciding body and its decisions shall take precedence over all others. All changes and alterations shall also be subject to all applicable permit requirements and to all applicable governmental laws, statutes, ordinances, rules, regulations, orders and decrees.

Section 4. Meetings of the DRC. The DRC shall meet from time to time as necessary to perform its duties hereunder. The DRC may from time to time, by resolution unanimously adopted in writing, designate any DRC 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 DRC, except the granting of variances pursuant to Section 9 hereof. In the absence of such designation, the vote of any two (2) members of the DRC shall constitute an act of the DRC.

Section 5. No Waiver of Future Approvals. The approval of the DRC 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 DRC, 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 other matters subsequently or additionally submitted for approval or consent.

Section 6. Compensation. The members of the DRC shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder. The DRC, however, shall have the power to engage the services of professionals to serve as members of the DRC for compensation for purposes of aiding the DRC in carrying out its functions.

Section 7. 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 VI, the applicant (the "Applicant") shall give written notice of completion to the DRC.

(b) Within sixty (60) days after receipt of the notice of completion, the DRC or its duly authorized representative may inspect such improvement. If the DRC finds that such work was not completed in substantial compliance with the approved plans, it shall notify the Applicant in writing of such noncompliance within such sixty (60) day period, specifying the particulars of noncompliance, and requiring the Applicant to remedy the same.

(c) If, upon the expiration of thirty (30) days from the date of such notification of noncompliance, the Applicant shall have failed to remedy such noncompliance, the DRC shall notify the Board in writing of such failure. The Board shall then determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same.

(d) If a noncompliance exists, the Applicant shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If the Applicant does not comply with the Board ruling within such period, 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. 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.

(e) If for any reason the DRC fails to notify the Applicant of any noncompliance within sixty (60) days after receipt of the written notice of completion from the Applicant, the improvement shall be deemed to have been made in accordance with said approved plans.

Section 8. Non-Liability of DRC Members: Neither the DRC nor any member thereof, nor its duly authorized DRC representative, shall be liable to the 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 or nonperformance of the DRC's duties hereunder, unless due to the willful misconduct

or bad faith of a member and only that member shall have any liability. The DRC shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition solely for the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and to the Properties. The DRC 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.

Section 9. Variance. The DRC may authorize variances from compliance with any of the architectural provisions of this 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 DRC. The granting of such a variance shall not, however, operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provisions covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Owner's use of the premises.

Section 10. Attorneys' Fees. For all purposes necessary to enforce this Article, the Association shall be entitled to collect reasonable attorneys' fees, court costs and other expenses against the Owner of a Lot, whether or not litigation is instituted, and the Board may assess such amounts in the form of a Special Assessment.

ARTICLE VII.

INSURANCE

(a) Property and casualty insurance on the Common Properties shall be maintained through the Association, in an amount equal to the maximum insurable value thereof. All damaged property shall be repaired and restored to the original condition using the proceeds of the insurance and, if the insurance proceeds are inadequate to cover the costs of such repair and restoration, Special Assessments assessed for that purpose. In the event that the insurance proceeds shall be greater than the amount required to repair and restore the damage, the excess shall be deposited with the Association for the operation of the Association and/or maintenance of the Properties. Prior to the end of each policy year, the Association shall cause the insured properties to be reappraised and shall adjust the insurance coverage so that the Common Properties are insured for their maximum insurable value.

(b) The Association shall also purchase such other insurance as may be necessary on the Common Properties and for purposes of properly operating the Association, including fidelity bonds on all officers and employees handling funds of the Association. The Association may also

purchase (to the extent available) liability insurance covering the Association's Directors and Officers.

(c) The premiums of all insurance policies purchased by the Association shall be deemed to be general expenses for the Association and shall be paid by the Members through the Periodic Assessments against each Lot.

ARTICLE VIII.

MAINTENANCE RESPONSIBILITIES

Section 1. Preamble.

(a) The responsibility for the maintenance of the Properties is divided between the Association and the Owners. Maintenance of each Lot, the adjacent right of way, and the Dwelling Unit constructed on the Lot is the responsibility of the Owner of that Lot. The maintenance of the Common Properties is the responsibility of the Association.

(b) The Board of Directors has the right to require the Owner to maintain their Lots and adjoining areas in a manner befitting the standards of the community; and this responsibility of the Owner, unless otherwise assumed by the Association in accordance with the terms of this Declaration, shall include the Owner's obligation to maintain the lawns and yards in a neat and trimmed manner, and to remove all objectional debris or material as may be located on the Lot.

Section 2. Exterior Maintenance Responsibility of Owner.

(a) The Association shall not have exterior maintenance responsibilities, periodic or otherwise, for Lots. In the event any Owner has failed to maintain the exterior of his Lot in accordance with general standards of the community then, after reasonable notice to the Owner specifying such failure and upon Owner's neglect or refusal to remedy the problem, the Board of Directors, in addition to maintenance upon the Common Properties, may provide any of the exterior maintenance upon each dwelling it deems necessary in its sole discretion, including but not limited to the following: painting; repairs; replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, driveways; and other exterior improvements.

(b) General standards of the community shall include but not be limited to:

(i) No weeds, underbrush or other unsightly growth shall be permitted to grow or remain upon any portion of the Lots, and no refuse or unsightly objects shall be allowed to be placed or permitted to remain anywhere thereon. However, in the mitigation areas the weeds, underbrush and grass are required to be left in a natural state and may be seeded and planted accordingly.

(ii) All lawns, landscaping and sprinkler systems shall be kept in a good, clean, neat and attractive condition.

The Lots and any dwellings or other buildings or improvements thereon shall be kept in good, safe, clean, neat and attractive condition, and all buildings, structures and improvements thereon shall be maintained in a finished, painted and attractive condition.

(c) Upon the failure to maintain the premises as aforesaid to the satisfaction of Developer or the Association, and upon the Association's or Owner's failure to make such improvement corrections as may be necessary within thirty (30) days after receipt of written notice by Developer or the Association, the Developer or the Association may enter upon such premises and make such improvements or corrections as may be necessary. Written notice need not be given in the case of emergency, and the Developer or the Association may without any prior notice directly remedy the problem.

(d) Such entry by the Developer or the Association or its agents shall not be a trespass and by acceptance of a deed from a Lot or dwelling, or by the recordation of these Covenants and Restrictions, such party has expressly given the Developer and the Association the continuing permission to do so, which permission may not be revoked.

Section 3. Lakes, Canals and Drainage Areas.

(a) The Association shall have the obligation to maintain all lakes and drainage areas in good condition as to aquatic weed control and any other maintenance and drainage problems not handled by Hillsborough County. The Association shall perform any necessary mitigation maintenance of the wetlands within the Common Properties, including planting aquatic vegetation and required monitoring of water quality; provided that all such activity shall be approved in writing by the Southwest Florida Water Management District.

(b) Even though the Association will hold title to the lakes, each Owner, if such Owner's Lot borders a lake or the bank of the lake, shall have to maintain and cut the grass area bordering such lake or banks of lake. In the event any Owner obligated for such maintenance and cutting does not in the opinion of the Association provide proper maintenance and cutting, then the Association shall have the right to provide for such maintenance and cutting and charge such Owner a Special Assessment to cover the cost of such maintenance and cutting. All such maintenance shall be subject to the prior written approval of Southwest Florida Water Management District in the event the area to be maintained is within a designated Wetland.

Section 4. Assessment of Costs. The cost of exterior maintenance which is not performed by the Association as part of its regular maintenance responsibilities shall be assessed against the Lot upon which such maintenance is performed, and, at the option of the Board of Directors, either be added to and become part of the Periodic Assessment to which such Lot is subject under Article V hereof, or become a Special Assessment for such expenses; and, as a part of such Periodic

Assessment or as a Special Assessment, it shall be a lien against the Lot and obligation to the Owner and shall become due and payable in all respects as provided in Article V hereof.

Section 5. Dissolution of Association. In the event of the dissolution or termination of the Association, Hillsborough County shall not be obligated to carry out any of the maintenance obligations of the Association unless such obligations are undertaken by way of a resolution of the Hillsborough County Commission.

Section 6. Management Services. The Association may contract for the management of all or part of the Common Properties and any other Association duties for purposes of carrying out all or a portion of the maintenance services provided for in this Declaration.

Section 7. Utility Services. The Association may contract with public or private utility companies for purposes of supplying utility services to the Properties and may assess the costs and expenses charged by such utility companies as part of the Periodic Assessments or as a Special Assessment.

ARTICLE IX.

PERMITTED AND PROHIBITED USES

Section 1. Construction. Each home shall be built of new materials and consist of concrete block exterior walls on the first story of the structure and all exposed sides on the first and second stories shall be of stucco, brick, or other approved materials and painted as approved by the Committee/Trustee.

Section 2. Dwelling and Garage Quantity and Size. Each single story house shall contain a minimum of One thousand seven hundred (1,700) square feet of air conditioned living space, including the exterior walls of the home. Each two story house shall contain a minimum of One thousand two hundred (1,200) square feet of enclosed, air conditioned living space, including exterior walls, on the first floor. In addition, each house shall have an attached garage for not less than two automobiles. No carports shall be permitted.

Section 3. Parking. No wheeled vehicles of any kind, and no boats, or other water craft, may be kept or parked in the side or front yard of any Lot. Wheeled vehicles of any kind, including campers, motor homes, recreational vehicles, boats, or other water craft, may be kept inside of the garage or within a fenced area in the back yard screened from the street and from neighboring Lots. This restriction does not include nor does it apply to private passenger vehicles which may be parked in the driveways or garage of each Lot. All inoperable vehicles must be parked in the garage and shall have a current vehicle registration. No vehicles shall be parked on the street or common areas, or in the right of way or front lawn overnight on or a regular basis.

Section 4. Animals and Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or maintained on any Lot, except household domesticated pets for the sole pleasure of the occupants, but not for commercial use or purpose. Birds shall be confined to cages. No person having possession, charge, custody, or control of any household pet including but not limited to dogs and cats, shall cause, permit or allow such animal to stray, run, be, go or in any other manner be at large in or upon public street, sidewalk, park, right of way, or common area or private property of others, without the express or implied consent of such owner, caretaker, or trustee. Nor shall any household pet be permitted to bark or make noise which, in any way, would constitute a public nuisance. There shall be a limit of two (2) dogs per household, which limitation may be waived pursuant to Article VI of this Declaration.

Section 5. Building Location and Setback. The front building line of any building located on any Lot shown on the Subdivision plat shall be a minimum of twenty (20) feet from the front line of said Lot. The rear building line of any building located on any Lot shown on the Subdivision plat shall be a minimum of twenty-five (25) feet from the rear line of said Lot. There shall be a five (5) foot setback from the side property line to the edge of any building.

Section 6. Signs. No sign of any nature whatsoever shall be erected or displayed upon any Lot except where express prior written approval of the size, shape, content and location thereof has been obtained from the DRC, which approval may be arbitrarily withheld, except that withholding of consent by the DRC for advertising for sale and promotion of the Properties shall not be arbitrary or unreasonable.

Section 7. Additional Temporary or Permanent Structures. No structure of a temporary or permanent character, including but not limited to, tents, shacks, garages, barns, dog runs, dog houses, dog pens, solar panels, flag poles or other out-building or facility shall be used or erected on any Lot without prior approval of the DRC.

Section 8. Fences. All fences erected must be constructed of new materials and shall be approved by the Architectural Committee/Trustee. All fences shall be permitted by the Hillsborough County Building Department. The portion of any fence that is viewed from a right-of-way must be constructed of white PVC. Fences shall be a maximum height of between 5'9" - 6'1" from the ground. No wire, chain link, wood, or split log style fences are permitted. All fence locations, colors, placement, and styles shall be approved by the Architectural Committee/Trustee. Concrete or brick walls other than those provided by the Developer shall be prohibited. All fences shall be constructed and maintained so as to be aesthetically pleasing.

Section 9. Commercial Activities. No Lot shall be used or occupied for any purpose other than as a residential dwelling by a Single Family, its household servants and guests. No business or commercial building shall be erected on any Lot, nor shall any business be conducted on any part thereof. The use of home computers is not prohibited by this Section 9. This provision, however, shall not be deemed to prohibit the Association from acquiring any Lot within the Properties for such

purpose as it may be deemed necessary or beneficial for the Members, including, but not limited to, recreational purposes.

Section 10. Air Conditioning Units and Reflective Materials. No window or wall air conditioning units shall be permitted to be placed in a dwelling on a Lot unless the consent of the DRC is obtained. No dwelling on a Lot shall have aluminum foil placed in any window or glass door or any reflective substance placed on any glass, except as may be approved by the DRC for energy conservation purposes.

Section 11. Exterior Alterations. No structural changes, exterior color changes, or alterations shall be made or added to any dwelling on a Lot without approval of the DRC.

Section 12. Destruction of a Dwelling. In the event that any dwelling on a Lot is destroyed by or removed for any cause whatsoever, any replacement must be with a dwelling of a similar size and type. The plans and specifications for any new dwelling must be approved, in writing, by the DRC.

Section 13. Replating Prohibited. No platted homesite or Lot may be re-subdivided or replatted. Additionally, only one residence per platted Lot is allowed. There shall be no instance whereby Lots may be joined together for the construction of one (1) house. The Developer shall be the only entity permitted to increase or reduce the size of a Lot.

Section 14. Awnings. No awnings, canopies or shutters, including hurricane or storm shutters, shall be attached or affixed to the exterior of any building unless such awnings, canopies or shutters have been approved by the DRC.

Section 15. Sight Distance at Street. No fence, shrub, wall, hedge, or other plantings which obstruct sight lines shall be placed or permitted to remain on any Lot. Exemptions shall be authorized for existing trees as of the date of this Declaration and for those items required by governmental authorities. Every effort shall be made for plantings in the front yards to be within 10' of the front of the house.

Section 16. Mail Boxes. Mail boxes shall be constructed at the same time as the house. Said mail boxes are to be constructed with materials similar to the house, be pleasing architecturally and aesthetically, and are subject to review and approval by the Committee/Trustee prior to and subsequent to construction.

Section 17. Landscaping, Trees, Sodding, and Driveways. All Lots must be fully sodded from the front of the house to the street excluding sidewalks and from the rear of the house to the rear Lot line and from the sides of the house to the side Lot lines, with exception of zoning conditions imposed. All landscaping and plantings of trees other than by the Developer shall require approval of the Architectural Committee/Trustee. Lawn maintenance of retention areas, drainage areas, and common areas at the front entry including that area adjacent to Lumsden Road, as well

as the future maintenance of the walls, curbs, gutters, or common structure, shall be the responsibility of the Association. Lawn maintenance of utility easements shall be maintained by the Lot owners abutting the easements.

Section 18. Utility Buildings, Satellite Dish and Antenna, Clotheslines. No clotheslines, permanent or portable, shall be placed so as to be visible from the street or view of neighboring properties. All garbage or trash containers, bottled gas tanks, water filtration or softener tanks, wells, pumps, or associated tanks or associated equipment shall be placed under the surface of the ground or in areas which are concealed from view from the street or neighboring properties. All television or radio antennas shall be located within the attic of the house and not be exposed on the exterior of the structure. Satellite dishes which are not more than 19" in diameter are permitted in as long as placement of the dish and related wiring are not visible from the street or from the view of any neighboring properties.

Section 19. Pools. No above ground pools shall be permitted or installed on any Lot. All pools must be enclosed by fence or other enclosure as is permitted by local governmental laws and regulations. Decorative water features with exception of swimming pool accessory features shall be approved by the Committee/Trustee in order to insure against insect breeding and safety as well as aesthetics. All new swimming pool designs must be approved by the Committee/Trustee.

Section 20. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done on any Lot or in the Subdivision that may be or may become an annoyance or nuisance to the neighbors or to the neighborhood.

Section 21. Sidewalks. Each Lot shall include as a part of the construction of any house or other structure, the installation of concrete sidewalks and driveways according to the specifications approved by the Architectural Committee/Trustee. Said sidewalks and driveways shall be completed not later than thirty (30) days from the completion of the main dwelling.

Section 22. a. Operation and Maintenance of Common Surface Water Management System. The Association has the responsibility to operate and maintain the common surface water management system in accordance with the Natural Resources Permit issued by the Southwest Florida Water Management District. The Association is and shall be the owner of the Common Areas as shown on the Plat for the Subdivision. The common surface water management system as defined herein is included within the areas described as Common Areas on the Plat for the Subdivision.

b. Prior Written Consent by Southwest Florida Water Management District. Any amendment (including termination) of this Declaration that would affect the ownership, operation, and maintenance of the common surface water management system or that would affect the common surface water management system itself, shall not be effective without the prior written consent of the Southwest Florida Water Management District.

c. Establishment of Rules and Regulations. The Association may from time to time, adopt, alter, amend, rescind, and enforce reasonable rules and regulations governing the use of the Lots and Common Areas consistent with the rights and duties established by the declaration of these Articles.

d. Exemption from Membership. Any entity which holds interest in any Lot merely as a security for the performance of an obligation may not be required to be a member of the Association. Such request for exemption shall be requested in writing and approved in writing by the Board prior to such exemption being recognized as valid.

Section 23. Conflicts. To the extent that any regulation herein conflicts with any local governmental regulation, the more stringent regulation shall apply.

Section 24. Additional Rules and Regulations. The Developer, until the Turnover Meeting, and thereafter the Board of Directors of the Association, may establish such additional rules and regulations as may be deemed for the best interests of the Association and its Members for purposes of enforcing the provisions of this Article IX.

Section 25. Variances. The DRC may grant variances to Use Restrictions 1 through 19 in accordance with Article VI.

Section 26. Right to Abate Violations. The Association or the Developer, prior to the Turnover Meeting, and the Association thereafter, after reasonable notice and opportunity to cure a violation given to an Owner, may enter upon a Lot for the purposes of curing the violation. The cost thereof shall be charged against the Owner as a Special Assessment.

Section 27. Insurance Risks. Nothing shall be done or kept on a Lot or on the Common Properties which would increase the rate of insurance relating thereto without the prior written consent of the Association, and no owner shall permit anything to be done or kept on his Lot or the Common Properties which would result in the cancellation of insurance on any residence or on any part of the Common Properties, or which would be in violation of any law.

Section 28. Exemption for Developer; Developer's Easements. The Developer, provided that it owns any Lot in the Properties or in the event that the Developer is doing construction work within the Properties, shall be exempt from the provisions of this Article IX and Article VIII, Sections 2 and 3; but shall not be exempt from Section 19 hereinabove.

ARTICLE X.

ENFORCEMENT PROVISIONS

Section 1. Rules and Regulations. The Board of Directors is specifically granted the power to pass rules and regulations for purposes of enforcing this Declaration.

Section 2. Enforcement - General. Failure of an Owner to comply with a provision in this Declaration or a provision in the Bylaws, Articles or Rules and Regulations of the Association shall provide the Association and each Owner with the right to bring legal action in law or in equity, including but not limited to an action for injunctive relief, damages, or a combination thereof. All costs and expenses incurred by the Association in terminating or resolving a violation of this Declaration, inclusive of attorneys' fees (whether or not litigation is instituted) shall be the responsibility of the Owner determined by the Association to be in violation. Collection of such attorneys' fees may be enforced by any method in this Declaration providing for the collection of Assessments, including but not limited to a foreclosure proceeding. Failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE XI.

GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Association, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded. After the original thirty (30) year period, the covenants and restrictions contained in this Declaration shall be automatically extended for successive periods of ten (10) years unless prior to the end of such thirty (30) year period, or each successive ten (10) year period, an instrument signed by the then Owners of two-thirds (2/3) of the Lots agreeing to terminate the covenants and restrictions at the end of such thirty (30) year or ten (10) year period has been recorded in the Public Records of Hillsborough County. No such agreement to terminate the covenants and restrictions shall be effective unless made and recorded at least ninety (90) days in advance of the effective date of such change. This Section may not be amended.

Section 2. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment.

(a) This Declaration may be amended from time to time by recording among the Public Records of Hillsborough County, Florida, an instrument executed by the President and attested to by the Secretary of the Association, indicating that a Meeting called for purposes of Amendment was held, and that a majority of the votes of all Members of the Association approved of such Amendment.

(b) However, as long as the Developer owns a Lot in the Properties, no such Amendment may be made without the consent of the Developer. Nor shall such Amendment affect or interfere with vested property rights previously acquired by an Owner or a First Mortgagee.

(c) The complete termination of the covenants and restrictions of this Declaration is governed by Section 1 of this Article.

(d) The Developer, as long as it owns a Lot, without the joinder or approval of the Association, the Board, or the Membership, may record any amendment to this Declaration without the approval of the Association, the Board, or the Membership.

(e) Developer shall have the right at any time within five (5) years from the date of this Declaration to amend this Declaration to correct scrivener's errors and to clarify any ambiguities determined to exist in this Declaration.

Section 4. Temporary Committees. The Developer, prior to Turnover of the Association, at its sole discretion, may create temporary committees for the purpose of aiding in the transition of the Association from Developer control to control by the Membership

Section 5. Conflict. This Declaration shall take precedence over conflicting provisions in the Articles of Incorporation and Bylaws of the Association and the Articles shall take precedence over the Bylaws.

IN WITNESS WHEREOF, this Declaration of Covenants and Restrictions has been signed by Developer, joined by the Association, the day and year first above set forth.

WITNESSES:

PARAGON HOMES CORPORATION,
a Florida corporation

Brian S. McElroy
Print Name: BRIAN S. MCELROY

By: [Signature]
DAVID LESSER, President

Jane Johnson
Print Name: Jane Johnson

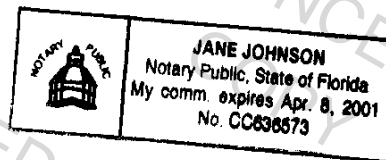
STATE OF FLORIDA
COUNTY OF Hillsborough

The foregoing instrument was acknowledged before me this 15th day of October, 1998, by DAVID LESSER, as President of PARAGON HOMES CORPORATION, on behalf of said corporation. He is (choose one)

☐ personally known to me; or
☒ produced driver's license as identification.

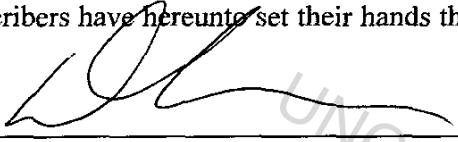
My Commission Expires:

Jane Johnson
Notary Public
Print Name: JANE JOHNSON



or title vested in any Member under the recorded covenants and deeds applicable to the Properties unless made in accordance with the provisions of such covenants and deeds.

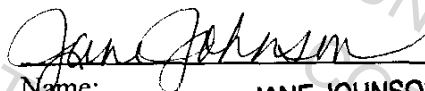
IN WITNESS WHEREOF, the said subscribers have hereunto set their hands this 15th of October, 1998.



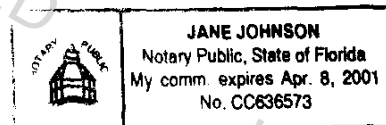
STATE OF FLORIDA
COUNTY OF HILLSBOROUGH

BEFORE ME, the undersigned authority, personally appeared _____, and they have freely and voluntarily acknowledged before me according to law that they made and subscribed the same for the uses and purposes therein mentioned and set forth. They are personally known to me or have produced driver's license as identification and did take an oath.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, this 15th day of October, 1998.


Name: JANE JOHNSON
NOTARY PUBLIC

My Commission Expires:



Prepared by Paragon Homes Inc,
Record & Return to.
First American Title w/c
1395 Oakfield Dr ✓
Brandon, FL 33511