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Palm Beach County, Florida

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THE ISLES

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE ISLES

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE ISLES ("Declaration"), is made this 30th day of November, 2001, by DIVOSTA AND COMPANY, INC., a Florida corporation, ("Developer"), and by THE ISLES HOMEOWNERS ASSOCIATION, INC., a Florida corporation not-for-profit.

Developer is the owner of the real property described in Exhibit "A" attached to this Declaration, and incorporated into this Declaration by reference. This Declaration imposes upon the Properties (defined herein) mutually beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the Properties, and establishes a flexible and reasonable procedure for the overall development, administration, maintenance, and preservation of the Properties.

Developer declares that the property restricted by this Declaration and any additional property which may be subjected to this Declaration by a Subsequent Amendment (defined herein) shall be held, sold, used, and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, the real property subjected to this Declaration. The easements, covenants, conditions and restrictions found in this Declaration shall be binding on all persons or entities, and their heirs, successors, and assigns, having any right, title, or interest in the Properties, or any part thereof, subjected to this Declaration. This Declaration does not, and is not, intended to create a condominium within the meaning of Chapter 718, Florida Statutes.

ARTICLE I
DEFINITIONS

The terms used in this Declaration shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

THE ISLES

1.1. "Articles" shall mean the Articles of Incorporation of The Isles Homeowners Association, Inc. as filed with the Florida Secretary of State, and attached as Exhibit "B".

1.2. "Assessment" means a share of the funds which are required for the payment of Common Expenses, which from time to time is assessed against the Members of the Association. Assessments may sometimes be referred to as "Base Assessments".

1.3. "Association" shall mean and refer to The Isles Homeowners Association, Inc., its successors and assigns.

1.4. "Association Property" shall mean all real and personal property transferred to the Association for the benefit of all Members.

1.5. "Board" shall mean the Board of Directors of the Association.

1.6. "Business" and "Trade" shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis, which involves the provision of goods or services to persons other than the provider's family, and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time, (b) such activity is intended to or does generate a profit, or (c) a license is required.

1.7. "By-Laws" shall mean and refer to the By-Laws of the Association, attached as Exhibit "C".

1.8. "Class 'B' Control Period" shall mean the period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board, as provided in the By-Laws.

1.9. "Common Area" shall mean all real and personal property which the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners. The term "Common Area" may sometimes be used interchangeably with the term "Association Property" or "Common Property".

1.10. "Common Expenses" shall mean and include the actual and estimated expenses incurred or anticipated to be incurred by the Association for the general benefit of all Units, including any reasonable reserve, as the Board may find necessary or appropriate pursuant to this Declaration, the By-Laws, and the Articles. Common Expenses shall not include any expenses incurred during the Class "B" Control Period for initial development, original construction, installation of infrastructure, original capital improvements, or other original construction costs unless approved by the Members representing a majority of the total Class "A" vote of the Association.

1.11. "County" shall mean Palm Beach County, Florida.

1.12. "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standard may be reasonably and more specifically determined by the Board

1.13. "Declaration" shall mean the easements, covenants, conditions, restrictions, and all other terms set forth in this document, and as may be amended from time to time.

1.14. "Developer" shall mean and refer to DiVosta and Company, Inc., a Florida corporation, its successors and assigns.

1.15. "Homeowners Documents" means in the aggregate this Declaration, the Articles, and the By-Laws of the Association; as well as all of the instruments and documents referred to herein and executed in connection with The Isles (defined below).

1.16. "Institutional Mortgage" shall mean any lending institution having a first lien on any property subject to this Declaration, including any of the following institutions: an insurance company or subsidiary thereof, a federal or state savings and loan association, a federal or state building and loan association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, a federal or state banking association, the Palm Beach County Housing Authority or similar entity, a real estate investment trust, or any mortgage banking company authorized to do business in the State of Florida.

1.17. "Member" shall mean a member of the Association.

1.18. "Mortgage" means a mortgage, a deed to secure a debt, or any form of security deed.

1.19. "Mortgagee" means a beneficiary or holder of a Mortgage. The term, "Mortgagee", shall include the term, "Institutional Mortgagee", defined above.

1.20. "Mortgagor" means a Person who gives a Mortgage.

1.21. "Municipality" means the City of Palm Beach Gardens, Florida.

1.22. "NPBCID" shall mean and refer to the Northern Palm Beach County Improvement District, a political subdivision of the State of Florida, 357 Hiatt Drive, Palm Beach Gardens, Florida, having jurisdiction over its Units of Development 2 and 28, and any future additional legally formed sub-units of development.

1.23. "NPBCID Plan of Improvements" shall mean or refer to any Plan adopted by NPBCID for the management, maintenance, installation, and/or construction of public infrastructure improvements within The Isles.

1.24. "NPBCID Assessments" shall mean and refer to any legally authorized non-ad

valorem assessments levied by NPBCID to pay for the cost of the management, maintenance, installation, and/or construction of public infrastructure improvements pursuant to a NPBCID Plan of Improvements.

1.25. "NPBCID Unit of Development" means that area lying within a specific geographical area that has been created by NPBCID as a distinct and separate area for implementation of NPBCID public infrastructure improvements.

1.26. "Occupant" shall mean the occupant of a Unit who shall be the owner, the lessee, or their respective guest(s).

1.27. "Owner" shall mean and refer to one (1) or more Persons (defined below) who hold the record title to any Unit (defined below) which is created on the property subject to this Declaration, but excluding any party holding an interest merely as security for the performance of an obligation.

1.28. "Person" means a natural person, a corporation, a partnership, a trustee, or other legal entity.

1.29. "Property" or "Properties" shall mean all of the real and personal property subject to this Declaration. The real property is described in Exhibit A.

1.30. "Recreation Facility" shall mean and refer to the recreation facilities, if any, which may, at the Developer's sole and absolute discretion, be constructed within the Common Areas.

1.31. "Roads" shall mean and refer to any street or thoroughfare which is constructed by Developer within the Common Areas, and which is dedicated to the Association, or to any governmental agency, whether same is designated, for example, by way of illustration and not as limitation, as a street, avenue, boulevard, drive, place, court, road, terrace, way, circle, lane, walk, or similar designation.

1.32. "Rules and Regulations" shall mean the rules, regulations, and policies which are attached to and incorporated into this Declaration as Exhibit "E", and as may be adopted by the Board from time to time by resolution duly made and carried.

1.33. "Single Family" means one person or a group of two or more persons living together and interrelated by bonds of consanguinity, marriage, or legal adoption, or not more than two persons living together who may or may not be interrelated.

1.34. "Special Assessment" shall mean and refer to those assessments levied in accordance with the further terms of this Declaration.

1.35. "Subsequent Amendment" shall mean an amendment to this Declaration which may

subject additional property to this Declaration, may withdraw property from the coverage of this Declaration, and may also, but is not required to, impose, expressly or by reference, additional restrictions and obligations on the Properties, or on any land submitted by a Subsequent Amendment to the provisions of this Declaration.

1.36. "The Isles" shall mean and refer to the planned unit development which is located in the Municipality, and which is platted as ISLES AT PALM BEACH GARDENS, recorded in Plat Book 91, Pages 185-202, Public Records of Palm Beach County, Florida.

1.37. "Transfer Date" shall mean the date that Class "B" Control Period ends. Unless the Developer elects to terminate control of the Association earlier, the end of the Class "B" Control Period and the Transfer Date shall be the date of the first election of Directors as described in the Articles.

1.38. "Unit" shall mean a portion of the Properties intended for development, use, and occupancy as an attached or detached residence for a single family (as well as any land conveyed with such a residence), and shall, unless otherwise specified, including, without limitation, zero-lot-line homes, single family attached homes, and single family homes on separately platted lots, as well as vacant land intended for development as such, all as may be provided in Subsequent Amendments covering all or a part of the Properties. The term shall include all portions of the property owned including any structure thereon. In the case of a structure which contains multiple apartments, each apartment shall be deemed to be a separate Unit.

1.39. "Water Management System" shall mean and refer to those lakes, canals, and other facilities created and used for drainage, as shown on or described in the South Florida Water Management District Conceptual Surface Water Management Permit for The Isles, and as amended from time to time. A copy of the surface water permit and its conditions are attached hereto and marked Exhibit "D". A copy of the wetlands maintenance and monitoring plan, if any, shall be attached to and shall be incorporated into Exhibit "D". The Registered Agent for the Association shall maintain copies of further South Florida Water Management District permitting actions for the benefit of the Association.

ARTICLE VII

PROPERTY SUBJECT TO THIS DECLARATION

2.1. Initial Property. The Property which is initially subject to the easements, covenants, conditions, and restrictions imposed by this Declaration is described in Exhibit A.

2.2. Additional Property. The Developer may subject additional property to this Declaration, including without limitation, Common Areas, Recreational Facilities, Roads, vacant lands, and properties of all types, including undeveloped lands, platted subdivisions, and lots by recording in the Public Records of the County, a Subsequent Amendment to this Declaration

describing the property to be submitted to this Declaration and setting forth any use restrictions, voting rights, maintenance requirements, user fees, dues, or other provisions pertaining to such additional property, if any. Despite the fact that Developer's submission of additional property to this Declaration may result in an overall increase in the Common Expenses, and a resulting increase in the Assessments payable by each Unit, or may result in an increase in the total number of votes or Members in the Association, the Developer shall not be required to obtain the joinder or consent of the Association, any Unit Owner, any other Person, or any Mortgagee except for the approval, if required, of the Municipality. Any property submitted to this Declaration by Subsequent Amendment, shall be included in the term "Property", and shall be part of The Isles.

2.3. Withdrawal of Property. The Developer reserves the right to amend this Declaration so long as it has a right to annex additional property pursuant to this Article, without prior notice and without the consent of any Person, for the purpose of removing property then owned by the Developer, its affiliates, or the Association from the coverage of this Declaration to the extent originally included in error or as a result of any changes in the Developer's plans for the Properties, provided such withdrawal is not contrary to the overall, uniform scheme of development of the Properties.

2.4. Additional Covenants and Easements. The Developer may unilaterally subject any portion of the property submitted to this Declaration initially or by Subsequent Amendment to additional covenants and easements, including covenants obligating the Association to maintain and insure such property on behalf of the Owners, and obligating such Owners to pay the costs incurred by the Association through Assessments. Such additional covenants and easements shall be set forth in a Subsequent Amendment filed concurrent with, as a part of, or after the annexation of the subject property, and shall require the written consent of the owner(s) of such property, if other than the Developer.

2.5. Amendment. This Article shall not be amended without the prior written consent of the Developer so long as the Developer owns any property in The Isles.

ARTICLE III
PROPERTY RIGHTS

3.1. Use of Common Area. Every Owner shall have a right and easement of enjoyment in and to the Common Area, subject to this Declaration as it may be amended from time to time, and subject to any restrictions or limitations contained in this Declaration or in any deed conveying such property to the Association. Any Owner may delegate his or her right of enjoyment to the members of his or her family, tenants, and social invitees subject to reasonable regulation by the Board, and in accordance with procedures which it may adopt. An Owner who leases his or her Unit shall be deemed to have delegated all such rights to the Unit's lessee. The rights and easements of enjoyment created hereby shall be subject to the following:

A. The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real and personal property as security for money borrowed or debts incurred.

B. The right of the Association to take such steps as are reasonably necessary to protect the Common Property against foreclosure.

C. The right of the Association to suspend:
(i) the right of an Owner to use Recreational Facilities within the Common Areas for any period during which an Assessment or any other charge against such Owner's Unit remains delinquent; and

(ii) the enjoyment rights of any Owner to use Recreational Facilities with the Common Areas for a period not to exceed 30 days for a single violation, or for a longer period in the case of any continuing violation (other than a delinquent Assessment), of the Declaration, any applicable Subsequent Amendment, the Articles, the By-Laws, or the Rules and Regulations of the Association after notice and hearing pursuant to the By-Laws.

D. The right of the Association to maintain the Common Property.

E. The right of the Board to adopt rules and regulations affecting the use and enjoyment of the Common Area, including, without limitation, rules restricting use of Recreational Facilities within the Common Area to occupants of Units and their guests and rules limiting the number of guests who may use the Common Area.

F. The right of the Board to post motor vehicle speed limits throughout the Common Areas, and to promulgate traffic regulations for the Roads. The Board may also promulgate procedures for the enforcement of the traffic regulations, including, without limitation, the assessment of fines against Owners who violate the traffic regulations and against Owners, whose family members, guests, invitees, licensees, employees, or agents violate the traffic regulations. The fines will be levied as a Special Assessment upon the Owner who violates the traffic regulations, or upon the Owner whose family members, guests, invitees, licensees, employees, or agents violate the traffic regulations. Before any fine shall be effective, the Owner shall be entitled to notice and an opportunity to be heard before the Board.

G. The right of the Association to dedicate or transfer all, or any part, of the Common Property to any governmental or quasi-governmental agency, authority, utility, water management or water control district.

H. The Restrictions contained on any plat, or filed separately, with respect to all or any portion of the Property.

I. All of the provisions of this Declaration, the Articles, and By-Laws of the Association and all exhibits thereto, and all Rules and Regulations adopted by the Association, as same may be amended from time to time.

J. The Owners' easements of enjoyment shall be subject to easements, hereby reserved over, through and underneath the Common Property, and the Units for present and future utility services to the Property, including, but not limited to, easements for water pipes, sanitary sewer pipes, drainage pipes, irrigation pipes, electric lines, telephone lines, cable television lines, and other utility services. Easements for such utility services are reserved by Developer for all buildings and improvements which have been or may be constructed on the Property, and Developer may grant specific easements to utility companies and to other Persons as may be reasonably necessary.

K. In case of any emergency originating in, or threatening the Property or any Unit, regardless of whether the Owner is present at the time of such emergency, the Board, or any other Person authorized by the Board, or the management agent under a management agreement, shall have the right to enter the Property or such Unit, for the purpose of remedying, or abating, the cause of such emergency, and such right of entry shall be immediate.

3.2. Title to Common Area. The Developer shall not be required to convey title to the Common Area or any portion thereof to the Association until the Transfer Date. Notwithstanding the manner in which title is held, the Association shall be responsible for the management, maintenance, and operation of the Common Areas, and for the payment of all real estate taxes and other charges which are liens against the Common Area, from and after the recording of this Declaration. On or before the Transfer Date, the Developer shall convey the Common Area to the Association by quitclaim deed. The Developer shall not be required to provide any title insurance or other related title documents to the Association in connection with the conveyance of the Common Areas.

3.3. Annexations, Withdrawals, and Amendments. Pursuant to the provisions of Article II, and the amendment powers set forth in this Declaration, the Developer, its successors and assigns, reserves the right to amend this Declaration during the Class "B" Control Period, to annex additional property to the Common Area, to withdraw property from the Common Area, and to amend the provisions of this Declaration as they may apply to the Common Area.

ARTICLE IV

ASSOCIATION FUNCTION, MEMBERSHIP AND VOTING RIGHTS

4.1 Function of Association. The Association shall be the entity responsible for management, maintenance, operation and control of the Common Area within the Properties. The Association shall be the primary entity responsible for enforcement of this Declaration and such reasonable Rules and Regulation as the Board may adopt. The Association shall also be responsible for administering and enforcing the architectural standards and controls set forth in this Declaration.

The Association shall perform its functions in accordance with this Declaration, the By-Laws, the Articles, and Florida law.

4.2. Membership. The owner of the fee simple title of record of each Unit shall be a mandatory member of the Association. Each Unit Owner shall become a Member of the Association upon acceptance of the deed to his Unit. As a Member of the Association, the Owner shall be governed by the Homeowners Documents; and shall be entitled to one (1) membership for each Unit owned. In the event the Owner of a Unit is more than one (1) Person, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of Membership may be exercised by a Member or the Member's spouse, subject to the provisions of this Declaration and the By-Laws. The Membership rights of a Unit owned by a corporation or partnership shall be exercised by the individual designated by the Owner in a written instrument provided to the Secretary of the Association.

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

A. Class "A" Members shall be all Owners except the Class "B" Member. Class "A" Members shall be entitled to one (1) vote for each Unit owned by such Member. Class "A" Members shall cast individual votes for all matters properly coming before the membership of the Association.

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

B. The Class "B" Member shall be the Developer. The rights of the Class "B" Member, including the right to approve or withhold approval of actions proposed under this Declaration and the By-Laws, are specified elsewhere in the Declaration and the By-Laws. The Class "B" Member shall be entitled to one (1) vote per Unit owned and, in addition, shall be entitled to appoint a majority of the members of the Board during the Class "B" Control Period. The Class "B" membership shall terminate and become converted to Class "A" membership on the Transfer Date.

ARTICLE V

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

5.1. Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall own, manage, and control the Common Area and all improvements thereon (including, without limitation, furnishings, equipment, and common landscaped areas), and shall

keep it in good, clean, attractive, and sanitary condition, order, and repair, consistent with this Declaration and the Community-Wide Standard.

5.2. Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. The Developer may convey to the Association improved or unimproved real estate and the surface water management system located within the Properties, personal property, and leasehold and other property interests. Such property shall be accepted by the Association, and thereafter shall be maintained as Common Area by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the conveying deed or instrument.

5.3. Rules and Regulations. The Association, through its Board, may make and enforce reasonable rules governing the use of the Properties, in addition to, further defining or limiting, and, where specifically authorized hereunder, creating exceptions to those covenants, conditions and restrictions set forth in this Declaration. Such rules shall be binding upon all Owners, occupants, invitees, and licensees until and unless repealed or modified in a regular or special meeting by the vote of Members representing 51% of the total Class "A" votes in the Association, and by the Class "B" Member, so long as such membership exists.

5.4. Implied Rights; Board Authority. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in this Declaration, the By-Laws, Articles, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the Membership.

5.5. Indemnification. The Association shall indemnify every officer, director, and committee member against all expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member.

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director and committee member harmless from any and all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

5.6. Dedication of Common Areas. The Association may dedicate portions of the Common Areas to the Municipality, or to any other local, state, or federal governmental entity, subject to such approval as may be required by this Declaration.

5.7. Security The Association may, but shall not be obligated to, maintain or support certain facilities within the Properties designed to make the Properties safer than they otherwise might be. Neither the Association, the Developer, nor any successor developer shall in any way be considered insurers or guarantors of security within the properties, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or of ineffectiveness of security measures undertaken. No representation or warranty is made that any security system, fire protection system, or alarm system cannot be compromised or circumvented, nor that any such systems or security measures undertaken will prevent loss, or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its lessees that the Association, its board of directors and committees, Developer, and any successor developer are not insurers and that each person using the properties assumes all risks for loss or damage to persons, to Units, and to the contents of Units resulting from acts of third parties.

5.8. Recycling Programs. The Board may establish a recycling program and recycling center within the Properties and in such event, all occupants of Units shall support such program by recycling, to the extent reasonably practical, all materials which the Association's recycling program or center is set up to accommodate. The Association may, but shall have no obligation to, purchase recyclable materials in order to encourage participation and any income received by the Association as a result of such recycling efforts shall be used to reduce Common Expenses.

5.9. Surface Water Rights. The Association shall have all rights to ground water, surface water, and storm water runoff within the Properties. No Person other than the Association shall claim, capture, or collect rainwater, ground water, surface water or storm water runoff within the Properties without prior written permission of the Association. The Association may establish programs for reclamation of surface water and storm water runoff for appropriate uses within the Properties, and may require Owners and occupants of Units to participate in such programs to the extent reasonably practical. No Owner or occupant of a Unit shall have any right to be compensated for water claimed or reclaimed from Units. The Board shall also have the right to establish restrictions on the use of surface water within the Properties. Lakes, canals, and other open surface waters with the Properties are designed as water retention and water management areas and are not designed solely as aesthetic features. From time to time, low ground water elevations or drought conditions may cause the Common Area lakes, canals, and other water management areas to be shallow.

5.10. Water Management System. The Association shall be responsible for owning, operating, maintaining, and monitoring all aspects of the Water Management System, including, without limitation, any mitigation or monitoring which may be required by the South Florida Water Management District pursuant to the permit attached as Exhibit "D" hereto. The Association shall be the entity responsible for: (i) assessing and collecting all fees for the operation, maintenance, and,

if necessary, the replacement of the Water Management System; and (ii) complying with all conditions of such permit including, without limitation, making all reports associated with the maintenance and monitoring of the Water Management System and any wetland mitigation monitoring. The Association shall be responsible for successfully completing the mitigation, maintenance, monitoring, and satisfaction of all permit conditions set forth in Exhibit D.

ARTICLE VI

MAINTENANCE

6.1. Association's Responsibility.

A. The Association shall maintain and keep in good repair the Common Areas. The maintenance of the Common Areas shall include, without limitation, maintenance, repair, and replacement, subject to any insurance then in effect, of all Roads and rights-of-way; all plantings and sodding of such rights-of-way; all perimeter plantings and sod; right-of-way, perimeter, and other Association irrigation facilities and pumps; perimeter walls or fences; bridges; bicycle/pedestrian paths; sidewalks; lakes; water features; Recreational Facilities; office facilities; street lights; road and identification signage; security facilities and equipment; drainage facilities and water control structures; water and lake treatment facilities; Association parking facilities; sod, landscaping and other flora located on the Common Areas; and other structures and improvements situated upon the Common Area.

B. The Association shall maintain the lawn, landscaping materials, and irrigation system as installed by the Developer on each lot.

C. The Association may maintain property which it does not own, including, without limitation, the lawn, landscaping materials, and irrigation system installed on each lot, as well as property dedicated to the public, including, without limitation, the landscaped portions of the medians of Military Trail and Hood Road located adjacent to The Isles. The landscaped portion of the above described Military Trail median is shown in cross-hatching on Exhibit "F" attached hereto and made a part hereof.

D. The cost to the Association of maintaining: (i) the Common Areas, (ii) the lawn, landscaping materials and irrigation system as installed by the Developer on each lot, and (iii) property dedicated to the public as approved by the Board, shall be assessed equally among the Unit Owners, as part of the Common Expenses pursuant to the provisions of this Declaration.

6.2. Owner's Responsibility. Except as set forth herein, each Owner shall maintain the exterior of his or her own Unit, including walls and fences (but excluding the "lot perimeter wall" defined herein), parking areas, and other improvements comprising the Unit in a manner consistent with the Community-Wide Standard. Notwithstanding the foregoing, the Association shall be responsible for the normal and routine painting of the exterior walls of the Units. The Board shall

determine the need for cleaning and painting from time to time. All costs reasonably related to said cleaning and painting by the Association shall be incurred as a Common Expense. If any Owner fails to perform his or her maintenance responsibility, the Association may perform it and assess all costs incurred by the Association against the Unit and the Owner thereof in accordance with the further provisions of this Declaration; provided, however, except when entry is required due to an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry.

ARTICLE VII

EASEMENTS

7.1. Easements for Owners. The Developer hereby grants a perpetual non-exclusive easement to the Association and to the Unit Owners, their families, guests, invitees, licensees and lessees upon, over, and across the bicycle/pedestrian paths, sidewalks, walkways, rights-of-way and other Common Areas. The Developer hereby grants an additional perpetual non-exclusive easement to the Association over, across, through, and under all portions of The Isles for the purpose of performing the maintenance and repair requirements of the Association as described in this Declaration. Except in the event of an emergency, the Association, its assigns or representatives may enter upon a Unit Owner's property only after reasonable notice has been given to the Owner.

7.2. Easements for Utilities.

A. There are hereby reserved to the Developer, so long as the Developer owns any property described in Exhibit "A" the Association, and their respective assignees and designees, access and maintenance easements upon, over, across, and under all of the Properties to the extent reasonably necessary for the purpose of replacing, repairing, maintaining Roads, bicycle/pedestrian paths, walkways, sidewalks, lakes, wetlands, drainage systems, street lights, identification signage, and all utilities, including, without limitation, water, irrigation, sewer, electricity, telephone, cable tv, or communication lines and systems, and for the purpose of installing any of the foregoing on property which the Developer or the Association owns or within easements designated for such purposes on recorded plats of the Properties. This easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under, or through any existing Unit, and any damage to a Unit resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any Unit, and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

B. The Developer hereby also grants a perpetual non-exclusive easement to all utility or service companies servicing The Isles upon, over, across, through, and under the Common Areas and such other portions of the Property on which utility facilities may be located for ingress, egress, installation, replacement, repair, and maintenance of all utility and service lines and systems including, but not limited to water, irrigation, sewer, telephone, electricity, cable tv, or

communication lines and systems. It shall be expressly permissible for the providing utility or service company to install and maintain facilities and equipment on said property, to excavate for such purposes and to affix and maintain wires, facilities, circuits, and conduits on, in, and under the Common Areas, providing such company restores any disturbed area substantially to the condition existing prior to their activity; provided, however, that no utility service line or system may be installed or relocated within the Common Areas without the consent of the Association.

7.3. Easements for Encroachments. The Developer hereby grants an easement for encroachment in the event any improvements upon the Common Areas now or hereafter encroaches upon a Unit, or in the event that any Unit now or hereafter encroaches upon the Common Area or on another Unit, as a result of minor inaccuracies in survey, construction, reconstruction, or due to settlement or movement or otherwise to a distance of: (a) if the encroachment is on the Common Area, then, not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary; (b) if the encroachment on another Unit is a driveway constructed by the Developer, then not more than two feet, as measured from any point on the common boundary of the encroaching driveway and the other Unit along a line perpendicular to such boundary. The encroaching improvements shall remain undisturbed as long as the encroachment exists. This easement for encroachment shall also include an easement for the maintenance and use of the encroaching improvements. Provided, however, that at no time shall there be any encroachment onto the surface water management systems, without the written consent of the South Florida Water Management District. In no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, an Owner, occupant or the Association.

7.4. Easements to Serve Other Property. The Developer hereby reserves for itself, and its duly authorized agents, representatives, employees, successors, assigns, licensees, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of other property owned by the Developer, its successors and assigns, whether or not such other property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for the development of such property, the construction of roads, the construction of drainage facilities, and for connecting and installing utilities on such property. Developer further agrees that if the easement is exercised for any permanent use or access to such property, and such property or any portion thereof is not made subject to this Declaration, the Developer, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of maintenance of any access roadway or drainage facility owned by the Association and serving such property.

7.5. Easements for Drainage. Every Unit and the Common Area shall be burdened with easements for natural drainage of storm water runoff from other portions of the Properties, or from other property owned by the Developer; provided, however, no Person may alter the natural drainage on any Unit so as to materially increase the drainage of storm water onto adjacent portions of the Properties without the consent of the Owner of the affected property.

7.6. Right of Entry. The Association shall have the right, but not the obligation to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to this Declaration, and to inspect for the purpose of ensuring compliance with this Declaration, any Subsequent Amendment, By-Laws, and the Rules and Regulations, which right may be exercised by any member of the Board, its officers, agents, employees, and managers, and all policemen, firemen, emergency medical personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after a written request of the Board, but shall not authorize entry into any single family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

ARTICLE VIII

ASSESSMENTS

8.1. Creation of Assessments. There are hereby created Assessments for Common Expenses as may from time to time specifically be authorized by the Board to be commenced at the time and in the manner set forth in this Article. There shall be two (2) types of Assessments: (a) Base Assessments to fund expenses for the benefit of all Members of the Association; and (b) Special Assessments as described in paragraph 8.3. below.

A. Base Assessments shall be levied equally on all Units. Special Assessments shall be levied as provided in paragraph 8.3. below. Each Owner, by acceptance of his or her deed is deemed to covenant and agree to pay these Assessments.

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

C. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of the annual Base Assessment for delinquent Members. Unless the Board otherwise provides, the Base Assessments shall be payable not less frequently than quarter-annually in advance. Base Assessments shall be billed on the fifteenth day of December, March, June, and September of each year for Assessments due and payable on the first day of January, April, July, and October, respectively of each year. Quarterly Assessments not paid within thirty (30) days of their respective due dates will incur a late charge not to exceed Thirty (\$30.00) Dollars. Quarterly Assessments not paid within sixty (60) days of their respective due dates will incur a second late charge not to exceed Fifty (\$50.00) Dollars.

Quarterly Assessments not paid within ninety (90) days of their respective due dates will incur an third late charge not to exceed Seventy (\$70.00) Dollars.

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

E. So long as the Developer has the right unilaterally to subject additional property to this Declaration, then on all Units on which Assessments have commenced, and which are subject to this Declaration as of the first day of any fiscal year, the Developer shall be obligated for the difference between the amount of Assessments levied on such Units, and the amount of actual expenditures required to operate the Association until the Transfer Date. This obligation may be satisfied in the form of a cash subsidy or by "in kind" contributions of services or materials, or a combination of these. The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services or materials or a combination of services and materials with the Developer or other entities for the payment of some portion of the common expenses.

8.2. Computation of Assessments. It shall be the duty of the Board, at least sixty (60) days before the beginning of the fiscal year, to prepare a budget covering the estimated costs of operating the Association during the coming year. The budget shall include and shall separately list Common Expenses. The Board shall cause a copy of the budget and the amount of assessments to be levied against each Unit for the following year to be delivered to each Owner at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment shall become effective unless disapproved at a meeting of the Members by a vote of Members representing at least a majority of the total Class "A" vote in the Association and the vote of the Class "B" Member, if such exists. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings in the By-Laws.

Notwithstanding the foregoing, however, in the event the proposed budget is disapproved or the Board fails for any reason so to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year.

The budget may include, without limitation, the following listed line items:

A. All expenses necessary to meet the Association's responsibility to maintain the Common Areas in accordance with the requirements of this Declaration. Including, by way of illustration and not as limitation, such Common Area expenses as: maintenance of the surface water management system, irrigation, landscape maintenance, fertilization, pest control, and the like, in a manner consistent with the Community-Wide Standard.

B. All charges levied for utility services to the Common Areas, whether supplied by a private or public firm including, without limitation, all charges for water, electricity, telephone, sewer, cable tv, and any other type of utility or service charge. Notwithstanding any provision to the contrary in this Declaration or in the By-Laws, bulk rate charges for cable television service to Unit Owners may be assessed as Association Expenses, if the Association becomes a party to a single billing service for cable television services provided to all of the Owners.

C. The premiums on any policy or policies of insurance required under this Declaration, together with the costs of such other policies of insurance, as the Board, with the consent of the Unit Owners at any meeting thereof, shall determine to be in the best interest of the Association. As well as all expenses necessary to retain and continue to retain a lending institution in the County, having a trust department to act as "Insurance Trustee" pursuant to Article X hereof. The functions of the Insurance Trustee shall include holding all original policies purchased by the Association, being named as loss payee, distributing proceeds of such insurance, assisting in the reconstruction of improvements from insurance premiums and performing such other functions as shall be agreed upon.

D. The costs of administration for the Association, including any secretaries, bookkeepers and other employees necessary to carry out the obligations and covenants of the Association under the Declaration, including the collection of sums owed by a particular Lot. In addition, the Association may retain a managing company or contractors to assist in the operation of the Association and to perform or assist in the performance of certain obligations of the Association hereunder. The fees or costs of any management company or contractor so retained shall be deemed to be part of the Association's expense.

E. All taxes levied or assessed upon the Common Areas, by any and all taxing authorities, including all taxes, charges and assessments, imposition and liens for public improvements, special charges and assessments; and, in general, all taxes on personal property and improvements which are now and which hereinafter may be placed in the Common Area, including any interest penalties and other charges which may accrue on such taxes.

F. The costs to the Association to indemnify and save harmless Developer from and against any and all claims, suits, actions, damages and/or causes of action arising from any personal injury, loss of life and/or damage to property in or about the Common Areas, if any, from and against all costs, counsel fees, expenses, liabilities occurring in and about such claim, the investigation thereof, or the defense at any level of any action or proceeding brought which may enter therein. Included in the foregoing provisions for indemnification are any expenses the

Developer may be compelled to incur and bring suit for the purposes of enforcing rights thereunder, or for the purpose of compelling this specific enforcement of the provisions, conditions, covenants, conditions and restrictions, contained in the Declaration to be kept and performed by the Association and/or the owners, including the payment of Association expenses.

Included also is the cost to the Association to indemnify its officers and members of the Board for all costs and expenses whatsoever incurred in pursuance of their duties, obligations and functions hereunder. Nothing in the provisions of this subparagraph shall require any Institutional Mortgagee to pay the Association expenses or portion thereof attributable to costs of the Association to indemnify and save harmless Developer in accordance with such paragraph. Any such Association expense shall be reallocated amongst the Unit Owners and not the Institutional Mortgagees.

The costs to establish a reserve fund for replacement and/or capital refurbishment of the Common Areas and the payment of other common expenses (the "capital contributions") in the amounts determined proper and sufficient by the Board, if any. Each owner acknowledges, understands and consents that capital contributions are the exclusive property of the Association as a whole, and that no Owner shall have any interest, claim or right to any such capital contributions or funds composed of the same.

8.3. Special Assessments.

A. The Association may levy a Special Assessment or Special Assessments; provided, such Assessment shall have the affirmative vote or written consent of Members representing at least fifty-one (51%) percent of the Class "A" vote in the Association, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Board so determines.

B. The Association may levy a Special Assessment to obtain all sums necessary to repair, replace, construct or reconstruct ("repair") any buildings or improvements located in the Common Areas damaged by any casualty to the extent insurance proceeds are insufficient for repair. Any difference between the amount of insurance proceeds received on behalf of the Association with respect to repair and the actual cost of the repair ("repair sums") shall be a Common Expense for which the Association shall levy a Special Assessment against all Unit Owners to obtain the funds necessary to pay for such repair sums within ninety (90) days from the date such damage was incurred. The Association shall establish an account with an Institutional Mortgagee located in the County, and deposit into such account all repair sums and all insurance proceeds collected by the "Insurance Trustee" so that the amounts on deposit will equal the costs of repair. The Association shall proceed so that repairs shall be completed within one (1) year from the date of damage, if possible.

C. The Association may also levy a Special Assessment against any Member to reimburse the Association for costs incurred in bringing a Member and his Unit into compliance with the provisions of the Declaration, any amendments thereto, the Articles, By-Laws, and the Rules and Regulations, which Special Assessment may be levied upon the vote of the Board after notice to the Member and an opportunity for a hearing.

8.4. Date of Commencement of Base Assessments. The Base Assessments provided for herein shall commence as to each Unit at the time that a certificate of occupancy is issued for the Unit by the appropriate governmental authority. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first Base Assessment shall be adjusted according to the number of days remaining in the fiscal year at the time Assessments commence on a Unit.

8.5. Subordination of the Lien to First Mortgagees. The lien of Assessments, including interest, late charges, and costs (including attorney's fees) provided for herein, shall be subordinate to the lien of any first Mortgage upon any Unit as provided in this Declaration. The sale or transfer of any Unit shall not affect the Assessment lien. However, the sale or transfer of any Unit pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Unit from lien rights for any Assessments thereafter becoming due. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Unit obtains title pursuant to remedies under the Mortgage, its successors and assigns shall not be liable for the share of the Common Expenses or Assessments by the Association chargeable to such Unit which became due prior to the acquisition of title to such Unit by such acquirer. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from Owners of all the Units, including such acquirer, its successors and assigns.

8.6. Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from the payment of Base Assessments and Special Assessments:

- A. all Common Areas; and
- B. all property dedicated to and accepted by any governmental authority or public utility.

ARTICLE IX

ESTABLISHMENT AND ENFORCEMENT OF LIENS

9.1. Lien for Assessments. All Assessments authorized in this Declaration, together with interest at a rate not to exceed the highest rate allowed by Florida law as computed from the date the delinquency first occurs, late charges, costs of collection, and reasonable attorney's fees, shall be a charge on the land, and shall be a continuing lien upon the Unit against which each Assessment is

made. Each such Assessment, together with interest, late charges, costs of collection, and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Unit at the time the Assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except no first Mortgagee who obtains title to a Unit pursuant to the remedies provided in the Mortgage shall be liable for unpaid Assessments which accrued prior to such acquisition of title. Under no circumstances shall the Board suspend the voting rights of a Member for nonpayment of any Assessment.

9.2. Effective Date of Lien. Said lien shall be effective only from and after the time of recordation amongst the Public Records of the County, of a written, acknowledged statement by the Association setting forth the amount due to the Association as of the date the statement is signed. Upon recording, there shall exist a perfected lien for unpaid Assessments prior and superior to all other liens, except (1) all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (2) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Upon full payment of all sums secured by that lien and costs and fees accrued, the party making payment shall be entitled to a recordable Satisfaction of Lien.

9.3. Rights of First Mortgagees. When any first Mortgagee obtains title to a Unit as a result of a foreclosure of Mortgage, or deed (or assignment) is given in lieu of foreclosure, such acquirer of title, his successors and assigns, shall not be liable for the Assessments pertaining to such Unit or chargeable to the former owner which became due prior to the acquisition of title as a result of the foreclosure or deed (or assignment) in lieu of foreclosure, unless such Assessments are secured by a Claim of Lien, and recorded prior to the recordation of the Mortgage. Such unpaid Assessments for which a Claim of Lien has not been recorded prior to the recording of the foreclosed Mortgage or deed given in lieu of foreclosure shall be deemed to be Assessments collectable from all Units.

9.4. Remedies. In the event any Owner shall fail to pay his or her Assessments within (15) days after the same becomes due, the Association, through its Board, shall have all of the following remedies to the extent permitted by law.

A. To accelerate the entire amount of any Assessments for the remainder of the year notwithstanding any provisions for the payment thereof in installments.

B. To advance on behalf of the Owner funds to accomplish the needs of the Association and the amount or amounts of money so advanced, including reasonable attorneys' fees and expenses which might have been reasonably incurred because of, or in connection with such advance, including costs and expenses of the Association if it must borrow to pay expenses because of said Owner, together with interest at the highest rate allowable by law, may thereupon be collected or enforced by the Association and such advance or loan by the Association shall not waive the default.

C. To file an action in equity to foreclose its lien at any time after the effective

date thereof. The lien may be foreclosed by an action in the name of the Association in a like manner as the foreclosure of a mortgage on real property.

D. To file an action at law to collect said Assessments, plus interest at the highest rate allowable by law plus costs and attorneys' fees, without waiving any lien rights or rights of foreclosure by the Association.

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

ARTICLE X

INSURANCE

10.1. Common Area Insurance. The Association shall maintain a policy or policies to insure the Common Area improvements, personal property and supplies, if any, from physical damage and liability losses, and shall be in such amounts so that the insured will not be a co-insurer except under deductible clauses required to obtain coverages at a reasonable cost. Insurable improvements in the Common Areas shall include, without limitation, the Recreational Facilities, boundary walls or fences, Roads dedicated or conveyed to the Association, and lighting fixtures.

A. Casualty Insurance Exclusions. The coverages for physical damage losses will EXCLUDE the following:

- i. Land, foundations, excavations or other items that are usually excluded from insurance coverage; and
- ii. Floor, wall, and ceiling coverings.

B. Property Insurance Inclusions. The coverage for physical damage losses will INCLUDE, where applicable, the following:

- i. Loss or damage by fire or other hazards covered by a standard extended coverage endorsement;
- ii. All other perils customarily covered for similar types of projects,

including those covered by the standard special form endorsement;

- iii. Agreed Amount and Inflation Guard Endorsement, when it can be obtained;
- iv. Demolition Cost Endorsements, Building Ordinance Endorsement, and Increased Cost of Construction Endorsement;
- v. Boiler and Machinery Endorsement, if applicable, providing at least \$50,000.00 coverage for each accident at each location; and
- vi. A standard mortgagee clause naming, when appropriate, the Federal National Mortgage Association (FNMA) or the servicers for mortgages held by FNMA, their successors and assigns.

Prior to obtaining any policy of physical damage insurance or any renewal thereof, and at such intervals as the Board of Directors may deem advisable, the Board will obtain an appraisal from a general contractor or such other source as the Board may determine of the then current replacement cost of the Common Areas subject to insurance carried by the Association, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this Article.

C. Policy Waivers. When appropriate and possible, the policies shall waive the insurer's right to:

- i. Subrogation against the Association and against the Owners, individually and as a group;
- ii. The prorata clause that reserves to the insurer the right to pay only a fraction of any loss if other insurance carriers have issued coverage upon the same risk; and
- iii. Avoid liability for a loss that is caused by an act of the Board, or by a member of the Board or by one or more Owners.

D. Other Provisions. In addition, the policy shall provide that:

- i. Any Insurance Trust Agreement will be recognized;
- ii. The policy shall be primary, even if an Owner has other insurance that covers the same loss; and
- iii. The named insured shall be the Association for the use and benefit of the Unit Owners. The "loss payable" clause should show said Association or the designated insurance trustee as the trustee for each Owner and each Owner's mortgagee.

10.2. Unit Insurance. Each Unit Owner shall maintain a policy or policies to insure his or her Unit from all physical damage and liability losses. If a Unit is damaged by a casualty, the affected Unit Owner shall promptly have his Unit repaired and rebuilt substantially in accordance with the architectural plans and specifications of the Unit. The Board of Directors shall establish periodically the minimum physical damage and liability insurance coverage and endorsements to be maintained by each Unit Owner. Upon the request of the Association, each Owner will provide a certificate of insurance coverage to the Association to evidence compliance with the minimum physical damage and liability coverage and endorsements set by the Board of Directors.

10.3. Reconstruction and Repair after Casualty.

A. Determination. Under ordinary circumstances, Common Area improvements which are damaged by a casualty shall be reconstructed and repaired. If a dispute arises as to whether a Common Area improvement should be repaired or reconstructed, the Board of Directors shall make the determination to repair or reconstruct. The adjoining owners shall be bound by this determination. The Association shall have the right to specially assess all members of the Association if insurance proceeds are insufficient to repair or rebuild the affected Common Areas in accordance with this paragraph. The assessment and collection of any special assessment authorized pursuant to this paragraph shall be made in accordance with the assessment powers and lien rights of the Association for Association Expenses.

B. Plans and Specifications. Although it is impossible to anticipate all problems which may arise from a casualty, the intent is to try to assure that the General Plan of Development is maintained by requiring damaged Units to be rebuilt or repaired and that unsightly and dangerous conditions are remedied as soon as possible. Any reconstruction and repair must be substantially in accordance with the plans and specifications for such property as originally constructed, and in any event, according to plans and specifications approved by the ACC. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair to the Common Areas, for which the Association is responsible, or if at any time during the work or upon completion of the work the funds available for payment of the costs are insufficient, assessments shall be made by the Association against all Owners in sufficient amounts to provide funds for the payment of those costs. The Assessments shall be made as an Association Expense, except that the cost of construction, reconstruction and repair occasioned by special improvement made at the request of the Owner and not common to other Units shall be assessed to such Unit Owner.

10.4. General Liability Coverage. The Board of Directors shall obtain and maintain comprehensive general liability (including, without limitation, libel, slander, false arrest and invasion of privacy coverage and errors and omissions coverage for directors) and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring each member of the Board of Directors, each Owner, and the Developer (prior to the Transition Date) against any liability to the public or to the Owners (and their invitees, agents and employees) arising out of, or incident to the ownership or use of the Common Areas. Such insurance shall be issued on a comprehensive liability basis and shall contain: (i) cross liability endorsement under which the

rights of a named insured under the policy shall be insured; (ii) hired and non-owned vehicle coverage (iii) host liquor liability coverage with respect to events sponsored by the Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Association; and (v) severability of interest" endorsement which shall preclude the insurer from denying liability to an Owner because of negligent acts of the Association or of another Owner. The Board of Directors shall review such limits of coverage at least once each three (3) years, but in no event shall such insurance be less than One Million Dollars (\$1,000,000.00) covering all claims for bodily injury or property damage arising out of one occurrence.

10.5. Workmen's Compensation Coverage. The Association shall obtain Workmen's Compensation Insurance as may be required by law.

10.6. Fidelity Bond Coverage. The Association shall obtain Fidelity Bonds covering officers, directors, employees and other persons who handle or are responsible for handling Association funds. The Fidelity Bonds (or insurance) shall meet the following requirements.

A. Association as Obligee. All such fidelity insurance or bonds shall name the Association as an obligee; and

B. Amount of Insurance. Such fidelity insurance or bonds shall be written in the amount equal to at least 150% of three months operating expenses of the Association, and the amount in reserve as of the end of each fiscal year of the Association; and

C. Waivers. Such fidelity insurance or bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or a similar expression; and

D. Notice of Cancellation. Such insurance or bonds shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premiums) without at least ten (10) days prior written notice of the servicer or the insured.

10.7. Excess Coverage. The Board of Directors may obtain such excess liability or umbrella coverage as they deem appropriate from time to time.

10.8. Other Coverage. The Board of Directors may obtain such other insurance as they deem appropriate from time to time.

10.9. Flood Insurance. If any part of the Common Areas are in a special flood hazard area, and are insurable as defined by the Federal Emergency Management Agency, the Association shall insure same. The coverage shall be 100% of the current replacement cost of any Common Area improvements or structures and other insurable common property, or the maximum coverage available for such improvements, structures, or property under the National Flood Insurance Program.

10.10. Insurer. All insurance shall be issued by a company authorized to do business in the State of Florida.

10.11. Named Insured. For all policies obtained by the Association, the named insured shall be the Association individually and as trustee for Owners covered by the policy without naming them, and shall include Institutional Mortgagees who hold mortgages upon Units covered by the policy whether or not the mortgagees are named. The Board may authorize the Insurance Trustee to maintain the policies and receive any proceeds of such policies.

10.12. Premiums. Premiums on policies purchased by the Association shall be paid as an Association Expense. However, if the amount of a premium is increased because a Unit or its appurtenances is misused or abandoned then the Owner of such Unit is liable for the amount of such increase. The Association will furnish evidence of premium payment to each mortgagee upon request.

10.13. Insurance Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their mortgagees as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to the Association as trustee or to such institution in Florida with trust powers as may be designated as Insurance Trustee by the Board. The Trustee shall hold the proceeds for the benefit of the Unit Owners and their mortgagees in the following shares:

A. Share of Proceeds. An undivided share for each Unit Owner, that share being the same as such Owner's undivided share in the Association Expenses.

B. Mortgagees. If a mortgagee endorsement of an insurance policy has been issued as to a Unit, the share of the Owner shall be held in trust for the mortgagee and such Owner, as their interests may appear; however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any such Unit shall be reconstructed or repaired, and unless provided by the terms of the mortgage, no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distribution of proceeds made to the Owner and the mortgagee.

10.14. First Mortgagees. This Article is additionally for the benefit of first mortgagees of Units and may not be amended without the consent of all such mortgagees.

10.15. Policy Cancellation. All insurance policies purchased by the Association shall require the insurer to notify in writing the Association or the designated Insurance Trustee and each first mortgagee named in any mortgage clause at least 10 days before it cancels or substantially changes the coverage.

10.16. Association as Agent. The Association is irrevocably appointed agent for each Unit Owner and for each mortgagee or other lienor of a Unit, and for each owner of any other interest in

the property, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

ARTICLE XI

ARCHITECTURAL CONTROL

11.1. Architectural Control Committee. The Architectural Control Committee ("ACC") shall consist of three (3) or more persons appointed by the Board. The function of the ACC is to ensure that all architectural changes are in compliance with the requirements set forth below. The Board shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction the decisions of the ACC. This Article may not be amended without the Developer's written consent so long as the Developer owns any property subject to this Declaration or subject to annexation to this Declaration.

11.2. Community-Wide Standard. The ACC shall regulate any construction, the external appearance, and property improvements in such a manner as to comply with and meet the Community-Wide Standard, to best preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography. As regards the Developer, its successors and assigns, nothing herein shall give to the ACC the authority to regulate, control or determine external appearance, use or maintenance of property to be developed or under development, or dwellings to be constructed or under construction.

11.3. General Provisions.

A. The address of the ACC shall be the principal office of the Association as designated by the Board. Such address shall be the place for the submittal of plans and specifications and the place where the current architectural standards, if any, shall be kept.

B. The ACC shall establish time limitations for the completion of any architectural improvements for which approval is required.

C. Plans and specifications are not approved for engineering design, and by approving such plans and specifications, neither the ACC, the members thereof, the Association, the Members, the Board, or the Developer assumes liability or responsibility therefor, or for any defect in any structure constructed from such plans and specifications.

D. An application for architectural change shall be made by the applying Owner on forms prepared by the ACC. The completed application together with all plans and specifications as well as any damage deposit fee will be submitted to the ACC. The decision of the ACC will be returned to the applying Owner.

11.4. Failure to Approve. In the event the ACC fails to approve, modify, or disapprove in

writing an application within thirty (30) days after plans and specifications in writing have been submitted to it, in accordance with its adopted procedures, if any, approval will be deemed granted.

11.5. Disapproval. In the event plans and specifications submitted to the ACC are disapproved, the party or parties making such submission may appeal in writing to the Board. The written request must be received by the Board not more than thirty (30) days following the final decision of the ACC. The Board shall have forty-five (45) days following receipt of the request for appeal to render its written decision. The Board may reverse or modify the ACC decision by a majority vote of the Board. The failure of the Board to render a decision within the forty-five (45) day period shall be deemed a decision in favor of the appellant.

11.6. Conditions.

A. No construction, which term shall include, without limitation, within its definition, staking, clearing, excavation, grading, and other site work, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Article, until the requirements of this Article have been fully met, and until the approval of the ACC has been obtained.

B. No construction of improvements (including without limitation, pools, saunas, spas, jacuzzis, screened enclosures, buildings, mailboxes, dog runs, animal pens, or fences), decorations, attachments, fixtures, alterations, repairs, change of paint or stain color, pressure cleaning, or other work shall be erected, constructed, affixed, placed, or altered on any Unit until the proposed plans, specifications, exterior colors and/or finishes, landscaping plan, and plot plan showing the proposed location of such improvements shall have been approved by the ACC, its successors or assigns. Refusal of approval of plans, locations, or specifications may be based by the ACC upon any reason, including purely aesthetic conditions, which in the sole discretion of the ACC shall be deemed sufficient. One (1) copy of all plans and specifications shall be furnished to the ACC for its records. No permission or approval shall be required to repaint in accordance with the originally approved color scheme, or to rebuild in accordance with originally approved plans and specifications. Nothing herein shall be construed to limit the right of an Owner to remodel the interior of his Unit, or to paint the interior of his Unit any color desired.

C. No additional plantings shall be permitted on that portion of any Unit, which may be maintained by the Association except as may be approved by the Association.

D. No clothing, laundry, or wash shall be aired or dried on any portion of the Units in an area exposed to view from any other Unit. Drying areas will be permitted only in locations approved by the ACC, and only when protected from view by approved screening or fencing.

E. No television or other outside antenna system or facility shall be erected or maintained on any Unit to which cable television service is then currently available except with the

specific consent of the ACC, which consent may be withheld in its sole discretion.

F. Unless specifically excepted by the ACC, all improvements, for which an approval of the ACC is required under this Declaration, shall be completed within twelve (12) months from the date of commencement of said improvements.

G. No construction shall be commenced unless and until a returnable debris deposit of \$500.00 has been posted by the Unit Owner with the Association. The debris deposit shall be used to correct any damage to the common areas resulting from the construction activity. If no damage is done to the common areas by the construction activity, the debris deposit will be returned to the Unit Owner.

11.7. Variations. The ACC may authorize variances from compliance with any of the provisions of the current architectural standards, if any, when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental considerations require, but only in accordance with duly adopted Rules and Regulations. Such variances may only be granted, however, when unique circumstances dictate, and no variance shall be effective unless in writing, unless in compliance with the restrictions set forth in this Declaration, and unless such variance will not estop the Association from denying a variance in other circumstances. For the purposes of this paragraph, the inability to obtain approval of any governmental agency; the issuance of any permit; or the terms of any financing shall not be considered a hardship warranting a variance.

ARTICLE XII

USE RESTRICTIONS

12.1. Residential Uses. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Association or business offices for the Association), and limited portions of the Common Areas may be used in a commercial capacity as may more particularly be set forth in this Declaration or Subsequent Amendments hereto. The Board shall have standing to enforce such standards.

12.2. Use Restrictions. The Board shall have the authority to make and enforce standards and restrictions governing the use of the Properties, in addition to those contained herein, and to impose reasonable user fees for use of the Recreational Facilities. Such regulations and use restrictions shall be binding upon all Owners and occupants until and unless overruled, canceled, or modified in a regular or special meeting of the Association by Members representing a majority of the Class "A" votes in the Association and by the vote of the Class "B" member, so long as such membership shall exist.

A. Signs. No sign, symbol, name, address, notice, or advertisement shall be inscribed or exposed on or at any window or other part of a Unit or Common Areas without the prior written approval of the Board. The Board or the Developer shall have the right to erect signs as they,

in their sole discretion, deem appropriate.

B. Parking and Garages. Vehicles shall be parked only in the garages or in the driveways serving the Units or in the appropriate spaces or designated areas in which parking may be assigned, and then subject to the reasonable rules and regulations adopted by the Board. Vehicles shall not be parked overnight on Roads or swales. All commercial vehicles, recreational vehicles, trailers, campers, camper trailers, boats, watercraft, motorcycles, and boat trailers must be parked entirely within a garage unless otherwise approved by the Board. No garage shall be used as a living area. No garage shall be altered in such a manner that the number of automobiles which may be parked therein after the alteration is less than the number of automobiles that could have reasonably been parked in the garage as originally constructed.

Occupants Bound. All provisions of the Homeowners Documents and of any Rules and Regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners, and which provide for sanctions against Owners, shall also apply to all occupants of any Unit.

D. Animals and Pets. No animals shall be raised, bred, or kept in any Unit, except that dogs, cats, or other household pets may be kept on the Unit, provided they are not kept, bred or maintained for any commercial purpose, or in numbers deemed unreasonable by the Board. Notwithstanding the foregoing, no animal may be kept in the Unit, which in the judgment of the Board results in a nuisance or is obnoxious to the residents in the vicinity. No Owner shall be permitted to maintain in his or her Unit any dog or dogs of mean or of violent temperament or otherwise evidencing such temperament. Pets shall not be permitted in any of the Common Areas unless under leash. Each pet owner shall be required to clean up after his or her pet. Each Owner by acquiring a Unit agrees to indemnify the Association, and hold it harmless against any loss or liability resulting from his or her, his or her family member's, or his or her lessee's ownership of a pet. If a dog or any other animal becomes obnoxious to other Unit Owners by barking or otherwise, the Owner shall remedy the problem, or upon written notice from the Association, he or she will be required to dispose of the pet.

E. Nuisance. No Unit shall be used, in whole or in part, for the storage of any property or thing that will cause such Unit to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept in any Unit that will emit a foul or obnoxious odor or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property or to The Isles as a whole. No illegal, noxious, or offensive activity shall be carried on in any unit, nor shall anything be done thereon tending to cause a nuisance to any person using any property adjacent to the Unit. There shall not be maintained any plants, animals, devices, or things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Properties.

F. Unsightly Conditions. All weeds, rubbish, debris, or unsightly materials or

objects of any kind shall be regularly removed from the Units, and shall not be allowed to accumulate thereon. All refuse containers (except on scheduled trash pick-up days), all machinery and equipment, and other similar items of personal property shall be obscured from view of adjoining streets, Units or Common Areas. All Units shall be kept in a clean and sanitary condition and no rubbish, refuse, or garbage shall be allowed to accumulate, or any fire hazard allowed to exist. In the event an Owner fails to maintain his Unit as required, for a period of at least thirty (30) days, the Association shall have the right, exercisable in its discretion, to clear any rubbish, refuse, or unsightly debris and/or growths from any Unit deemed by the Association to be a health menace, fire hazard or a detraction from the aesthetic appearance of The Isles; provided, however, that at least fifteen (15) days prior notice shall be given by the Association to the Owner of such Unit before such work is done by the Association. In the event the Association, after such notice, causes the subject work to be done, then, and in that event, the costs of such work, together with interest thereon at the maximum rate permitted by the usury laws of the State of Florida, shall be charged to the Owner and shall become a lien on the Unit, which lien shall be effective, have priority and be enforced pursuant to the procedures set forth in this Declaration.

G. Antennas. No exterior antennas, aerials, satellite dishes, or other apparatus for the reception or transmission of television, radio, or other signals of any kind shall be placed, allowed, or maintained upon any portion of the Properties, including any Unit, without the prior written approval of the ACC.

H. Subdivision of Unit. Units shall not be further subdivided or separated by any Owner, and no portion less than all of any such Unit, nor any easement shall be conveyed or transferred by an Owner; provided, however, that this shall not prevent corrective deeds, deeds to resolve boundary disputes and other similar corrective instruments. Developer, however, hereby expressly reserves the right to subdivide, replat, or otherwise modify the boundary lines of any Unit or Units owned by the Developer. Any such division, boundary line change, or replatting shall not be in violation of the applicable Municipal subdivision and zoning regulations.

I. Pools. No above-ground pools shall be erected, constructed, or installed on any Unit.

J. Irrigation. No sprinkler or irrigation systems of any type which draw water from lakes, rivers, ponds, canals or other ground or surface waters within the Properties shall be installed, constructed or operated by an Owner within the Properties unless prior written approval from the ACC has been obtained.

K. Drainage and Septic Systems. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Person, other than the Developer, or the South Florida Water Management District, may obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Developer hereby reserves a perpetual easement across the properties for the purpose of altering drainage and water flow. Septic systems are prohibited on the Properties.

L. Tree Removal. No trees shall be removed, except for diseased or dead trees and trees needing to be removed to promote the growth of other trees or for safety reasons, unless approved by the ACC.

M. Sight Distance. All property located at street intersections shall be landscaped so as to permit safe sight across street corners. No fence, wall, hedge, shrub, or planting shall be placed or permitted to remain where it would create a traffic or sight problem.

N. Lighting. Except for seasonal decorative lights, which may be displayed between December 1 and January 10 only, all exterior lights must be approved by the ACC.

O. Artificial Vegetation, Exterior Sculpture, and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Properties. Exterior sculpture, fountains, flags, and similar items must be approved by the ACC.

P. Energy Conservation Equipment. All solar heating apparatus must conform to the standards set forth in the HUD Intermediate Minimum Property Standards Supplement, Solar Heating, and domestic Water Systems. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless it is an integral and harmonious part of the architectural design of a structure, as reasonably determined by the ACC. No solar panel, vents, or other roof-mounted, mechanical equipment shall project more than 1.5 feet above the surface of the roof of a Unit; and all such equipment shall be painted consistent with the color scheme of the roof of the Unit. This provision is not intended to prohibit the use of solar energy devices.

Q. Lakes and Water Bodies. All lakes, canals, and water bodies within the Properties shall be primarily aesthetic amenities and all other uses thereof, including, without limitation, fishing, boating, swimming, playing, or use of personal flotation devices, shall be subject to the Rules and Regulations of the Board. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, canals, or water bodies within the Properties.

R. Recreational Facilities. All recreational facilities and playgrounds furnished by the Association or erected within the Properties, if any, shall be used at the risk of the user, and the Association shall not be held liable to any person or persons for any claim, damage, or injury occurring thereon or related to use thereof.

S. Business Use. The Units shall be used solely for Single Family purposes. Nothing herein shall be deemed to prevent an Owner from leasing a home to a Single Family, subject to all of the terms, conditions, and covenants contained in this Declaration. The Units shall not be used in any trade, business, professional, or commercial capacity. Nothing contained herein shall prohibit the Developer from carrying on any and all types of construction activity necessary to complete The Isles, including the construction and operation of a sales model and office by the

Developer until all of the Units have been sold.

T. Windows. All draperies, curtains, shades, or other window coverings installed in a Unit, and which are visible from the exterior of a Unit shall have a white backing, unless otherwise approved by the ACC.

U. Vehicles. No motorcycle, truck, trailer, boat, van in excess of 17 feet in length, camper, motor home, bus, commercial vehicle of any type (i.e., any vehicle which has any exterior lettering or logo, or has tools or equipment), non-passenger van (i.e. any van which does not have a rear seat and side windows), or similar vehicle shall be parked on any part of the Properties, any driveway or designated parking space within the Properties except: (1) within a garage, (2) commercial vehicles, vans, or trucks delivering goods or furnishing services temporarily during daylight hours, and (3) upon such portions of the Properties as the Board may jointly, in their discretion, allow. Vehicles over eighty (80") inches in height, or those vans or trucks which do not have windows completely circling the vehicle's exterior (similar to windows around a station wagon), and permanent installed seating for four or more passengers, shall be considered to be a prohibited vehicle, van, or truck. The Association shall have the right to authorize the towing away of any vehicles in violation of this rule with the costs and fees, including attorney's fees, if any, to be borne by the vehicle owner or violator.

V. Hurricane Season. Each Unit Owner who intends to be absent from his home during the hurricane season (June 1 - November 30 of each year) shall prepare his Unit prior to his departure by doing the following.

(i) Removing all furniture, potted plants, and other movable objects from his yard; and

(ii) Designating a responsible person or firm, satisfactory to the Association, to care for his Unit should it suffer hurricane damage. Such person or firm shall also contact the Association for permission to install temporary hurricane shutters, which must be removed when no longer necessary for storm protection. At no time shall hurricane shutters be permanently installed, without the consent of the ACC.

W. Rules and Regulations. The Unit Owners shall abide by each and every Rule and Regulation promulgated from time to time by the Board. The Board shall give an Owner in violation of the Rules and Regulations, written notice of the violation by U.S. Certified Mail, return receipt requested, and fifteen (15) days in which to cure the violation. Should the Association be required to seek enforcement of any provision of this Declaration or the Rules and Regulations and prevail in such action, then the offending Unit Owner (for himself or for his family, guests, invitees, or lessees) shall be liable to the Association for all costs incurred in the enforcement action, including reasonable attorneys' fees, whether incurred in trial or appellate proceedings or otherwise.

ARTICLE XIII

COVENANTS REGARDING SINGLE FAMILY ATTACHED HOMES

Without limiting the types of Units which may be developed within The Isles, the Developer may construct single family attached homes within The Isles. The restrictions, covenants, and provisions set forth herein shall apply to such attached homes, and may be modified, deleted, or supplemented by Subsequent Amendment.

13.1. Utility Easements.

A. Each attached home Owner grants to all other Owners owning a attached home in the same building a perpetual utility easement for water, sewer, power, telephone and other utility and service company lines and systems installed beneath or within the attached home.

B. Any expense caused by the necessary access of authorized personnel of the utility or service company to service lines affecting all Units within an attached home building, and which are located beneath or within the attached home building shall be shared equally by each of the attached home Owners in the building affected; provided, however, that where the necessary access by authorized personnel of the utility or service company is required because of the intentional or negligent misuse of the utility or service company line or system by an attached home Owner, his lessee, licensee, invitee, or agent, any expense arising therefrom shall be borne solely by such Owner. Any expense caused by the necessary access of authorized personnel of the utility or service company to service lines located within the Common Areas shall be paid by the Association as a Common Expense, or where appropriate, in the sole discretion of the Board, through a Neighborhood Assessment.

13.2. Party Walls and Shared Roofing.

A. The two attached home Units comprising each building of single family attached Units are joined by common walls, known as "party walls", between each Unit that adjoins another Unit. The center line of a party wall is the common boundary of the adjoining Unit.

B. Each common wall in an attached home Unit shall be a party wall, and any party to said wall, his heirs, successors, and assigns shall have the right to use same jointly with the other party to said wall as herein set forth. The term "use" shall and does include normal interior usage such as paneling, plastering, decoration, erection of tangent walls and shelving but prohibits any form of alteration which would cause an aperture, hole, conduit, break or other displacement of the original concrete or other material forming said party wall.

C. The entire roof of the attached home Unit building, any and all roof structure support, and any and all appurtenances to such structures, including without limitation, the roof covering, roof trim, and roof drainage fixtures, shall be collectively referred to as "shared roofing".

D. If a attached home Unit is damaged through an act of God or other casualty, the affected Owner shall promptly have his Unit repaired and rebuilt substantially in accordance with the architectural plans and specifications of the attached home Unit building. In the event such damage or destruction of a party wall or shared roof is caused solely by the neglect or willful misconduct of a attached home Owner, any expense incidental to the repair or reconstruction of such wall or shared roof shall be borne solely by such wrongdoer. If the attached home Owner refuses or fails to pay the cost of such repair or reconstruction, the Association shall have the right to complete such repair and reconstruction substantially in accordance with the original plans and specifications of the affected building, and the Association shall thereafter have the right to specially assess said attached home Owner for the costs of such repair and re-construction.

E. The cost of maintaining each side of a party wall shall be borne by the attached home Owner using said side, except as otherwise provided herein.

F. No attached home Owner shall authorize the painting, refurbishing or modification of the exterior surfaces or shared roof of his attached home without the consent of the ACC.

13.3. Maintenance of the Exterior of the Attached Homes.

A. Each Owner shall at all times be responsible for the maintenance and care of the exterior surfaces of his attached home Unit. The phrase "exterior surfaces of the attached home Unit" shall include, but not be limited to, the exterior walls and shared roofing. The Association shall be responsible for the periodic cleaning of the exterior walls and shared roofing, and the periodic re-painting of the exterior walls of the attached home Unit. Repainting of the exterior surfaces of an attached home Unit shall be done uniformly at the same time for the entire attached home Neighborhood by the Association. The Board shall determine the need for repainting from time to time. All costs reasonably related to said repainting (including cleaning before repainting) by the Association shall be incurred as a Common Expense.

B. The Neighborhood Assessment or Special Assessment which may be required to maintain periodically clean and paint the exterior walls of the attached home Units by the Association will be made pursuant to the assessment powers and lien rights set forth herein.

13.4. Casualty Insurance. Each Owner of an attached home shall maintain physical damage insurance for such home in any amount equal to the replacement value of the home. The Association may require that each such Owner provide proof of insurance. Should any such Owner fail to provide proof of insurance upon request, the Association may purchase the required insurance, and the costs of such insurance may be levied as a Special Assessment against such Unit.

13.5. Party Fences. Those walls or fences which are constructed between two adjoining lots and are to be shared by the Owners of said adjoining lots are to be known as and are hereby declared to be "Party Fences". Party Fences shall be the joint maintenance obligation of the Owners

of the lots bordering the fences. Each Owner shall have the right to full use of said fence subject to the limitation that such use shall not infringe on the rights of the Owner of the adjacent lot, or in any manner impair the value of said fence. Each Owner shall have the right and duty to maintain and to perform superficial repairs to that portion of a Party Fence which faces such Owners's lot. The cost of said maintenance and superficial repairs shall be borne solely by said Owner. In the event of damage or destruction of the Party Fence from any cause whatsoever, other than negligence or willful misconduct of one of the adjacent lot owners, the Owners of the adjacent lots shall, at their joint expense, repair and rebuild said fence within 30 days, unless extended by the Board. In the event it is necessary to repair or rebuild a Party Fence, the Owners shall agree on the cost of such repairs or rebuilding, and shall agree on the person or entity to perform such repairs, provided however, all such repairs must be performed by a qualified contractor. If the Owners cannot agree on the cost of such repairs or on the person or entity to perform such repairs, each Owner shall choose a member of the Board to act as their arbiter. The Board members so chosen shall agree upon and choose a third Board member to act as an additional arbiter. All of the said Board members shall thereafter choose the person or entity to perform the repairs and shall assess the costs of such repairs in equal shares to the Owners. Whenever any such fence or any part thereof shall be rebuilt, it shall be erected in the same manner and be of the same size and of the same or similar materials and of like quality and color and at the same location where it was initially constructed. Provided, that if such maintenance, repair or construction is brought about solely by the neglect or the willful misconduct of one lot Owner, any expense incidental thereto shall be borne solely by such wrongdoer. If the lot Owner shall refuse to repair or reconstruct the fence within 30 days, unless extended by the Board, and to pay his share, all or part of such cost in the case of negligence or willful misconduct, the Association may have such fence repaired or reconstructed and shall be entitled to a lien on the lot of the Owner so failing to pay for the amount of such defaulting Owner's share of the repair or replacement. In the event repairs or reconstruction shall be necessary, all necessary entries on the adjacent lots shall not be deemed a trespass so long as the repairs and reconstruction shall be done in a workmanlike manner, and consent is hereby given to enter on the adjacent lots to effect necessary repairs and reconstruction.

ARTICLE XIV

COVENANTS REGARDING ZERO-LOT-LINE SINGLE FAMILY HOMES

Without limiting the types of units which may be developed within The Isles, the Developer may construct zero-lot-line single family homes. The restrictions, covenants, and provisions set forth herein shall apply to such homes, and may be modified, deleted, or supplemented by Subsequent Amendment.

14.1. Maintenance of Exterior of Home. Each Owner shall maintain the exterior of his single family home, including the walls (excluding the "Lot Perimeter Wall" as defined herein) and fences in good condition and repair. The Lot Perimeter Wall shall be defined to mean and refer to that exterior wall of a zero-lot-line single family home which is located not more than five (5) feet from the lot line or boundary. Notwithstanding the foregoing, the Association shall be responsible

for the normal and routine cleaning and painting of the exterior walls, and the periodic cleaning of roofs of such homes. Repainting of the exterior surfaces of a single family home and roof cleaning shall be done uniformly at the same time for the entire single family home Neighborhood by the Association. The Board shall determine the need for cleaning and painting from time to time. All costs reasonably related to said cleaning and painting by the Association shall be incurred as a Common Expense.

B. The Neighborhood Assessment or Special Assessment which may be required to maintain periodically clean and paint as described above of the zero-lot-line single family homes by the Association will be made pursuant to the assessment powers and lien rights set forth herein.

14.2. Zero Line Easement. Each lot on which a zero-lot-line single family home is constructed is subject to an easement of approximately five (5) feet in width which extends from the front of the home (street side) to the rear of the lot ("Zero Line Easement"). The Zero Line Easement is in favor of the Owner of the Lot immediately adjacent to the easement. The Zero Line Easement is a result of building code requirements, which disallow a Lot Owner's roof from overhanging property which is not owned in fee by the Lot Owner. Therefore each Lot Owner's roof overhangs a portion of his Lot, which is subject to the Zero Line Easement. Each unit is constructed within a Lot such that one side of the Unit, the side which includes the Lot Perimeter Wall (defined herein), is adjacent to the Zero Line Easement. A sketch of the Zero Line Easement is attached hereto and made a part hereof marked Exhibit "G".

14.2.1. Grantee of Zero Line Easement. The owner of the Lot immediately adjacent to the Zero Line Easement is the grantee of the Zero Line Easement. Subject to the rights of the Association, the grantee is hereby granted the exclusive right to use, irrigate, landscape, and maintain the real property within the Zero Line Easement. The Owner of the Lot on which the Zero Line Easement is located shall not be permitted to use or to maintain the real property within the Zero Line Easement (except for roof overhang), however, in the event of damage to his single family home, the Owner of the Lot on which the Zero Line Easement is located may enter upon the real property subject to the Zero Line Easement to perform repairs and replacements to his zero-lot-line single family home.

14.2.3. Permissible uses of the Zero Line Easement. The Zero Line Easement area may be used by the grantee for maintenance, landscaping, and irrigation purposes. No landscaping material may be placed in the Zero Line Easement which would contact the Lot Perimeter Wall or the roof of the Unit abutting the Zero Line Easement. No irrigation shall be permitted within the Zero Line Easement which could damage the Lot Perimeter Wall or roof of the Unit abutting the Zero Line Easement.

14.3. Lot Perimeter Walls. Maintenance of the Lot Perimeter Wall shall be the obligation of the Owner of the lot adjacent to the Lot Perimeter Wall. The adjacent lot owner shall have an easement over that portion of the adjacent lot on which a Lot Perimeter Wall has been located, as specified herein, in order to maintain and to make superficial repairs to said Lot Perimeter Wall.

However, in no event, shall any Person make any structural or other changes in the walls, including, but not limited to, change of paint color, without the express written approval of the Architectural Control Committee. Structural repairs to the Lot Perimeter Wall shall be performed solely by the Association or its assigns. In the event the Board shall determine that the Lot Perimeter Wall has been damaged by the adjacent lot owner, that owner shall be responsible for repairing such damage in a timely manner and in accordance with the standards established by the Board. In the event such repair is not so accomplished by said adjacent lot owner within thirty (30) days, unless extended by the Board, the Association shall have the right at reasonable times to enter the adjacent lot to effect such repair, and the cost thereof shall be assessed to the adjacent lot owner, and, if not paid in a timely manner, shall become an Special Assessment upon such adjacent Lot.

14.4. Party Fences. Those walls or fences which are constructed between two adjoining lots and are to be shared by the Owners of said adjoining lots are to be known as and are hereby declared to be "Party Fences". Party Fences shall be the joint maintenance obligation of the Owners of the lots bordering the fences. Each Owner shall have the right to full use of said fence subject to the limitation that such use shall not infringe on the rights of the Owner of the adjacent lot or in any manner impair the value of said fence. Each Owner shall have the right and duty to maintain and to perform superficial repairs to that portion of a Party Fence which faces such Owners's lot. The cost of said maintenance and superficial repairs shall be borne solely by said Owner. In the event of damage or destruction of the Party Fence from any cause whatsoever, other than negligence or willful misconduct of one of the adjacent lot owners, the Owners of the adjacent lots shall, at their joint expense, repair and rebuild said fence within 30 days, unless extended by the Board. In the event it is necessary to repair or rebuild a Party Fence, the Owners shall agree on the cost of such repairs or rebuilding, and shall agree on the person or entity to perform such repairs, provided however, all such repairs must be performed by a qualified contractor. If the Owners cannot agree on the cost of such repairs or on the person or entity to perform such repairs, each Owner shall choose a member of the Board to act as their arbiter. The Board members so chosen shall agree upon and choose a third Board member to act as an additional arbiter. All of the said Board members shall thereafter choose the person or entity to perform the repairs and shall assess the costs of such repairs in equal shares to the Owners. Whenever any such fence or any part thereof shall be rebuilt, it shall be erected in the same manner and be of the same size and of the same or similar materials and of like quality and color and at the same location where it was initially constructed. Provided, that if such maintenance, repair or construction is brought about solely by the neglect or the willful misconduct of one lot Owner, any expense incidental thereto shall be borne solely by such wrongdoer. If the lot Owner shall refuse to repair or reconstruct the fence within 30 days, unless extended by the Board, and to pay his share, all or part of such cost in the case of negligence or willful misconduct, the Association may have such fence repaired or reconstructed and shall be entitled to a lien on the lot of the Owner so failing to pay for the amount of such defaulting Owner's share of the repair or replacement. In the event repairs or reconstruction shall be necessary, all necessary entries on the adjacent lots shall not be deemed a trespass so long as the repairs and reconstruction shall be done in a workmanlike manner, and consent is hereby given to enter on the adjacent lots to effect necessary repairs and reconstruction.

14.5. Failure to Maintain. In the event an Owner of any lot shall fail to maintain the premises and the improvements thereon, as provided herein and in accordance with the Community-Wide Standard, the Association, after notice to the Owner, shall have the right to enter upon any lot to correct drainage and to repair, maintain and restore the exterior of the zero-lot-line single family homes and party fences and any other improvements erected thereon. All costs related to such correction, repair or restoration shall become an Special Assessment against such lot.

14.6. Casualty Insurance. Each Owner of a zero-lot-line single family home shall maintain physical damage insurance for such home in any amount equal to the replacement value of the home. The Association may require that each such Owner provide proof of insurance. Should any such Owner fail to provide proof of insurance upon request, the Association may purchase the required insurance, and the costs of such insurance may be levied as a Special Assessment against such Unit.

ARTICLE XV

DEVELOPER'S RIGHTS

15.1. Developer's Transfer Rights. Any or all of the special rights and obligations of the Developer may be transferred or assigned to other Persons, provided that the transfer or assignment shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Developer and duly recorded in the Public Records of the County. Nothing in this Declaration shall be construed to require Developer or any successor or assign to develop any property other than the property described in Exhibit "A".

15.2. Developer's Sales Offices. Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and sales of Units shall continue, it shall be expressly permissible for Developer to maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Developer, may be reasonably required, convenient, or incidental to the construction or sale of such Units, including, but not limited to, business offices, signs, model units, and sales offices, and the Developer shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use Units owned by the Developer and any facility which may be owned by the Association, as models and sales offices, respectively.

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

15.4. Termination of Developer's Rights. This Article may not be amended without the express written consent of the Developer; provided, however, the rights contained in this Article shall terminate upon the earlier of (a) twenty-five (25) years from the date this Declaration is recorded, or (b) upon recording by Developer of a written statement that all sales activity has ceased.

ARTICLE XVI

MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers, and guarantors of first Mortgages on Units in the Properties. The provisions of this Article apply to the Homeowners Documents, notwithstanding any other provisions contained therein.

16.1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Unit number, therefore becoming an "Eligible Holder"), will be entitled to timely written notice of:

A. Any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

B. Any delinquency in the payment of Assessments or charges owed by an Owner of a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of a Unit of any obligation under the Homeowners Documents which is not cured within sixty (60) days;

C. Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

D. Any proposed action which would require the consent of a specified percentage of Eligible Holders.

16.2. Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least 67% of the Institutional Mortgagees or Members representing at least 67% of the total Association vote entitled to be cast thereon consent, the Association shall not:

A. By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes

consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

B. Change the method of determining the obligations, Assessments, or other charges which may be levied against an Owner of a Unit (A decision, including contracts, by the Board regarding Assessments shall not be subject to this provision where such decision is otherwise authorized by this Declaration.);

C. By act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Units and of the Common Area (The issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision.);

D. Fail to maintain insurance, as required by this Declaration; or

E. Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such property.

Institutional Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and Institutional Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

16.3. Other Provisions for Mortgagees. To the extent possible under Florida law:

A. Any restoration or repair of the Properties after a partial condemnation or damage due to an uninsurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications.

B. Any election to terminate the Association after substantial destruction or substantial taking in condemnation shall require the approval of at least 67% of the Eligible Holders of first Mortgages on Units.

16.4. Amendments to Homeowners Documents The following provisions do not apply to amendments to the Homeowners Documents or termination of the Association made as a result of destruction, damage, or condemnation pursuant to Section 17.3 above, or to the addition of land in accordance with Article II.

A. Consent to Termination. The consent of Members representing at least 67% of the Class "A" votes and of the Developer, so long as it owns any land subject to this Declaration, and the approval of the Eligible Holders of first Mortgages on Units to which at least 67% of the