REC 93.00
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DECLARATION OF RESTRICTIONS FOR
95 67233 ROYAL HIGHLANDS PLANNED UNIT DEVELOPMENT OR BOOK 1399 PAGE 1878

This Declaration of Restrictions is made this 13th day of Nov., 1995, by Pringle Communities, Inc., (hereinafter referred to as the Developer) the owner of certain real property being all the land included in the Royal Highlands Subdivision (hereinafter referred to as Royal Highlands or the Royal Highlands Development) Phase 1, according to the plat thereof recorded in Plat Book 37, Pages 3 THRU 7 of the Public Records of Lake County, Florida.

WITNESSETH:

WHEREAS, THE DEVELOPER is currently the owner of all the lands comprising the said Royal Highlands development and,

WHEREAS said Developer wishes to create a superior and unique development on said lands and has determined that the best way to do so is to impose these rights and restrictions to run with the land and with each and every lot, dwelling unit and parcel of land in said development.

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RECORDED
RECORD VERIFIED
CLERK CIRCUIT COURT
LAKE COUNTY, FLA.

NOW THEREFORE the following restrictions, declarations, and grants are hereby imposed, made and given:

1. USE RESTRICTIONS FOR ALL RESIDENTIAL LOTS.

1.1 Adult Residency Requirements.

1.1.1 Each residence shall be occupied by only one family, its servants, if any, and guests, as a residence and for no other purpose. Two or more unrelated adults who are also joint owners or joint lessees of a residence shall be considered a family under these use restrictions. The community of which this platted section is a part is designed, operated, and maintained for the use and benefit, and to meet the social and physical needs, of persons 55 years of age or older. As such, every person who lives in any residence should, with certain exceptions described below, be an adult. For purposes of this restriction, an "adult" is a person 55 years of age or older, or a person over 40 years of age sharing residence with another occupant 55 years of age or older.

1.1.2 Notwithstanding the above restriction and express policy, the Royal Highlands Property Owners Association, Inc. shall have the right to accept as an occupant of a lot a person who is not an "adult", as hereinabove defined, provided that such person is at least 18 years of age and further provided that at least 80% of the occupied homes in the community comprising all the then platted sections of the Royal Highlands development, including the new occupant to be accepted, are occupied by at least one person 55 years of age or older. The Royal Highlands Property Owners' Association, Inc. shall have the right to require references and shall consider such factors as the age of the prospective occupant, and the apparent compatibility of said occupant and his interests with the interests of persons of age 55 and older, and shall have the power to forbid anyone not an adult hereunder and who has not been accepted hereunder from occupying a residence at the Royal Highlands development as herein defined.

1.1.3 Guests and bona fide temporary visitors under eighteen (18) years of age are permitted provided the owner or lessee of the residence, or one of them, is also occupying the residence during such visit.

1.1.4 Administration of Adult Resident Requirement. The Royal Highlands Property Owners Association, Inc. referred to herein shall administer the provisions relating to the age restrictions, above. Any and all purchasers and lessees in the Royal Highlands development shall, by virtue of these deed restrictions and the acceptance of their title or leasehold, be deemed to have agreed to advise any and all of their prospective grantees or tenants of the age requirements set forth herein and, further, to have agreed to provide, and consequently they shall provide, age information about any and all proposed grantees or tenants along with information disclosing the age of any one who might be expected to take up residence at Royal Highlands pursuant to such grant or lease. All grantees and lessees at Royal Highlands agree for themselves, their grantees, lessees, heirs and assigns that they will make no such grant or lease unless and until approval has been given by said Royal Highlands Property Owners Association, Inc. The said Royal Highlands Property Owners Association, Inc. shall not arbitrarily withhold approval but it shall withhold approval as necessary to maintain the status of the development as an adult community under State and Federal law; and all present and future owners of any interest in the Royal Highlands development as it exists from time to time, including the Developer for himself and on behalf of any assigns, agree to abide by the decisions of the Royal Highlands Property Owners Association, Inc.

1.2 Use Restrictions for Single Family and Multifamily Lots. The land platted for single family and multifamily lots in this development shall be used for single family or multifamily dwellings and for no other purposes. No business building may be erected on said lands and no business operation to which the public is invited may be conducted on any part thereof, nor shall any building or any portion thereof be used or maintained as a professional office to which members of the general public are invited. Notwithstanding the provisions of this paragraph, the Developer or any of his successors in interest may utilize one or more lots or homes for a sales office, model home, construction office, guest house, recreation area or similar purpose so long as said persons or entities own any lot or property in this development which is being held for resale. Developer shall have the right to designate other specific persons or entities to utilize lots and homes in like manner so long as said others own an interest in any lot or property in the development for resale.

2. USE RESTRICTIONS FOR ALL COMMERCIAL DEVELOPMENT.

2.1 Any commercial development, should there be any in connection with Royal Highlands, shall be subject to reasonable regulation by the Developer. Said Developer shall have the authority and right to approve the architecture of proposed business and commercial structures to be built on any property which is or in the future becomes part of the Royal Highlands development and no structures shall be built without prior approval. The Developer shall also have the right to impose reasonable regulation on the appearance, neatness and cleanliness of all aspects of the establishments conducting business in the development.

2.2 Before any commercial enterprise is built or operated on lands comprising a part of Royal Highlands or which expects to utilize facilities or infrastructure belonging to or maintained by the Royal Highlands Property Owners' Association, the proprietor, owner or operator of such enterprise shall enter into a binding contract with the Association which contract is to include mutually agreeable terms for all aspects of the expected use or interaction between the parties.

3. ROYAL HIGHLANDS PROPERTY OWNERS ASSOCIATION, INC.

3.1 Every person or entity, including the Developer, who is the owner of a residential lot subject to this document or to a similar document filed in connection with the addition of more sections to the said Royal Highlands development, and all successors and assigns including purchasers at a judicial sale, shall at all times be a Member of the Royal Highlands Property Owners Association, Inc. (hereinafter referred to as the "Association"), a non-profit corporation formed to own, manage and care for the aforesaid common property for the benefit of all of the owners in the said development. Lenders or others holding a security interest, only, against a residential lot shall not be members. The memberships herein provided for shall be appurtenant to, and may not be separated from, ownership of the lands herein described. The said Association shall have full power to regulate the use of said common property, operate, protect, maintain and improve the same, and do all other things reasonably necessary for the management thereof, and shall be empowered to and shall levy and collect fees for these purposes. The above designation of owners who are to be members of the association is specifically intended to include owners of multifamily dwellings. By acceptance of a deed or other instrument evidencing ownership interest, each owner accepts membership in the Association, acknowledges the authority of the Association as herein stated, and agrees to abide and be bound by the provisions of this declaration, the Articles of Incorporation, the Bylaws, and other rules and regulations of the Association. In addition to the foregoing, guests, invitees, licensees and tenants of said owners shall, while in or on the development, abide and be bound by the provisions of this declaration, the Articles of Incorporation, the Bylaws, and other rules and regulations of the Association.

3.2 Grant of Ownership and Non Exclusive Use: Each grantee of an ownership interest of a lot in any of the platted sections of Royal Highlands development is hereby granted with his or her lot an undivided ownership interest in a non-profit corporation, hereinafter referred to as the Royal Highlands Property Owners Association, Inc. (the "Association") which ownership shall carry with it the rights of beneficial use of certain tracts of land and improvements in or appurtenant to the said Royal Highlands development owned or held by said Association. Should a need ever arise to quantify the ownership interests, they shall be computed as a fraction defined by the number one (1) divided by the total number of lots provided for in all platted sections of the development as the same may be constituted from time to time. Each single family or multifamily building lot shall have one interest regardless of whether the residence is yet built or not. In the case more than one dwelling unit is placed on any multifamily lot, each dwelling unit shall one interest.

3.3 If one grantee becomes the owner of an extra half lot or more of the lots as originally platted, he shall also be considered to own a larger undivided interest in the above described Homeowners Association in proportion to the lots owned as computed to the nearest half lot so that at all times 100% of the residential ownership in the development shall carry with it 100% of the ownership interests in the aforementioned Association.

3.4 If any section of the development is replatted or substantially realigned by the filing of a new plat replacing the former one or upon the addition of new lots caused by recording of future phases of the development, then all undivided appurtenant ownership interests shall be recalculated on the basis of the new lot count if different from the earlier count.

3.5 Developer Control. During the time the Developer meets all of the criteria listed below, the Developer shall remain in control of the Association and have and exercise the right to appoint all of the members of the Board of Directors and shall also

have the right to discharge any Director at any time. The criteria are:

3.5.1 The Developer is actively promoting and selling the development. For purposes of these restrictions, the term "development" shall mean all property in any platted Royal Highlands subdivision, including Phase 1, recorded in Plat Book 37, page 3 thru 8, Public Records of Lake County, Florida, and all subsequent phases of Royal Highlands that may be platted in the public records at any time in the future. Thus, the term "development" is not limited to the platted lots in Phase 1, but also includes all additional platted area of homesites as said area may be enlarged or added to from time-to-time.

3.5.2 The Developer retains ownership of at least 8 lots in the development and holds them for sale or is actively engaged in preparations for additions to the development.

3.5.3 The Developer continues to guarantee that the annual general assessment will not increase over an amount which is set forth hereafter as provided in section 13.11.

3.5.4 The Developer may voluntarily give up control at any time by notice given in writing and conveyed to the Association.

3.5.5 Developer Rights in Association After Turnover. When the Developer no longer has the right to appoint all of the members of the Board of Directors, the Developer shall still be entitled to appoint one (1) member of the Board of Directors for as long as the Developer is the owner of any part of the development. While the Developer is entitled to representation on the Board of Directors, whether the Developer exercises that right to appointment or not, the Board of Directors or the Association shall have no authority to, and shall not, without the prior written consent of Developer (which may be withheld for any reason in Developer's sole discretion):

3.5.5.1 except for the hereinafter provided signage restrictions, prohibit or restrict in any manner the sales and marketing program of the Developer. Developer's sales and marketing effort shall be construed to include the use of residential homes as display models, as transient guest homes or as sales offices or as temporary storage facilities;

3.5.5.2 decrease the level of maintenance services of the Association performed by the Board of Directors as specified in the Articles of Incorporation of the Association;

3.5.5.3 undertake the construction of new capital improvements unless such construction is required because of casualty or in order to comply with applicable laws;

3.5.5.4 authorize or undertake any litigation against the Developer, or retain or hire any consultants, engineers or other professionals for any purpose;

3.5.5.5 alter or amend this declaration, any subsequent amendment thereto, the Articles of Incorporation or the Bylaws of the Association;

3.5.5.6 terminate or waive any rights of the Association under this declaration;

3.5.5.7 convey, lease, mortgage, alienate or pledge any easements or Common areas of the Association;

3.5.5.8 terminate or cancel any easements granted hereunder or by the Association;

3.5.5.9 terminate or impair in any fashion any easement, powers or rights of the Developer or any owner hereunder;

3.5.5.10 restrict the Developer's right of use, access and enjoyment of any of the development;

3.5.5.11 cause the Association to default on any obligation of it under any contract or this declaration.

The Developer's consent shall be exercised by its appointee on the Board of Directors or such other person designated to so act by the Developer.

3.5.6 The Developer's rights reserved or created herein shall extend to its successors and assigns, including any builders or sales agencies operating under license or permission from Developer to build homes or to sell homes or lots in the Royal Highlands development.

3.6 Association Property.

3.6.1 The said Association shall own and control such appurtenant property, hereinafter called common property, as the Developer shall from time to time convey, lease or loan to it, and shall manage and maintain such property for the benefit of all the owners of the Association. The Developer reserves the right to add to said common property both in area and in improvements. Added land area need not be contiguous to other common property.

3.6.2 The Association shall have the obligation to operate and maintain property conveyed to it by the Developer. The Association shall maintain all parks, common areas, personal property of the association, entrance way features, open space, the Surface Water Management Systems in the development, conservation areas, lakes, wetlands, buffer areas for native upland vegetation required by governmental authorities around all wetlands, recreation areas, buildings, landscaping, irrigation systems, and all city, county, district or municipal properties and rights-of-way (to the extent permitted or required by any governmental authority) and any other properties for which the Association has maintenance responsibilities over by easement or by any other agreement, which are located within or in a reasonable proximity to the development. The Association shall be obligated to accept property conveyed to it by the Developer. Association may request the Developer to obtain, at Developer's expense, independent certification that any and all improvements included in such donation are properly built or installed in accordance with then existing codes, laws and regulations. This request may also extend to installations of any kind on lands the Association already owns. The Developer in its discretion shall have the sole right to determine if such request shall be granted; in addition, the Developer shall have the right to supply such certification on its own initiative. Where such certification has been supplied it shall be conclusive evidence that the improvements were properly built and completed. The Association also shall maintain the following property, notwithstanding the fact that said property may be owned by individual lot owners: all buffer areas for native upland vegetation required by governmental authorities around all wetlands, the portions of

all conservation easements that may be located on an individual owner's lot, the retaining wall on or adjacent to Lots 28 through 34, inclusive, and 43 through 49, inclusive, as shown on the plat of Phase 1, and the property shown on said plat lying between the retaining wall and the lot boundary adjacent to the wetlands.

3.6.3 The Board of Directors of the Association shall have the right and power to sell, convey or quitclaim any tracts of land, improvements, easements or other property which are owned or controlled by the Association so long as such sale, conveyance or quitclaim does not deprive any lot owner of legal access to his or her lot. The said Board of Directors is specifically given the right and power to disclaim and vacate utility or other easements shown on the plat of Royal Highlands development, Phase 1, or any subsequent phase of the development, if such easements are not needed for the purposes originally granted. The said Board of Directors shall also have the right and power to grant easements for ingress and egress, utilities and other purposes across property owned or controlled by Association. Said Board shall also have the right to dedicate property of any kind to the public, including streets and utility easements.

3.7 Services to members and others.

3.7.1 Membership in the Association shall entitle the members to services such as sewer, water and other utilities and other services that may from time to time be offered or provided by or through the Association to its members.

3.7.2. The Association shall have the right to make agreements with and to collect reasonable fees or assessments from commercial, business or professional owners or operators, including golf course owners and operators, for the provision of utility and other services. The phrase "other services" referred to herein may include, but is not limited to, maintenance of grounds, parkways, entrance roads, parking areas, lighting, signage, sewage lift stations, communications facilities and related or similar installations and any and all other facilities the maintenance and operation of which in whole or in part provides benefit to or is used by such commercial, business or professional owner or operator.

3.7.3 Where the Developer, his successor or assigns, has provided real estate in or near Royal Highlands for use by a commercial, business or professional owner or operator as described above, the Association shall be obligated to provide utilities, services, and/or shared use of the infrastructure Developer has provided to the extent reasonably necessary for the operation of such enterprise. Except as provided below, the Association shall collect from such enterprise only such fees or assessments as represent a reasonable charge for, or a pro-rata share of, the cost of maintaining and/or operating such utilities, services or infrastructure for the benefit of said enterprise. To the said actual pro-rata cost may be added a reasonable charge for administrative overhead borne by the Association. Assessments and contributions under this section shall be treated as special services and need not be the same as the general charges assessed to members of the Association.

3.7.4 Notwithstanding the foregoing provisions for assessment of pro-rata costs, an enterprise shall be required to pay for any special installation or impact fee or for any upgrade, improvement or enhancement that is required for the operation of the enterprise. By mutual agreement the enterprise may be required to pay for any special installation which it desires and requests to have made even though the

same may not be strictly "required" for the undertaking, and the Association shall accommodate all such requests unless it is clearly unreasonable to do so. The payment for any special installations or improvements contemplated by this section may, with the agreement of the Association, be in the form of increased periodic payments sufficient to amortize the initial investment in addition to the pro-rata maintenance and/or operating costs elsewhere herein allowed to be assessed.

3.8 Developer's Reserved Powers Concerning Association Property.

3.8.1 Utility Easements. Notwithstanding any provision herein contained to the contrary, the Developer reserves unto itself (and its successors or assigns) the right to grant easements in and to, over, under, on and across Association property to any private company, public or private utility or governmental or private authority providing utility or other services to lots and owners within the development. All such easements shall be of a size, width and location as Developer in its discretion deems best, but located so as to not unreasonably interfere with the use of any improvements which are now, or will be, located upon the Property. The joinder of any current or future mortgagee of a lot shall not be necessary for the grant of such an easement, and the owner of each lot and the Association appoints the Developer as its attorney-in-fact for the purpose of granting such an easement.

3.8.2 Developer Easements. The Developer hereby reserves unto itself, and to such other persons as Developer may from time to time designate in writing, a perpetual easement, privilege and right in and to, over, under, on and across easements reserved hereby or shown on a plat as a common area or easement for ingress and egress as required by its officers, directors, employees, agents, independent contractors, tenants, invitees and designees. Developer reserves the right to impose further restrictions and to grant or dedicate additional easements and rights of way on any of the Association property, common elements and any portion of the development owned by Developer.

3.8.3 Service Easements. Developer hereby grants to delivery, pick-up and fire protection services, police and other authorities of the law, United States mail carriers, representatives of electrical, telephone, cable television and other utilities authorized by Developer, its successors or assigns, to service the development, and to such other persons as the Developer from time to time may designate, the nonexclusive perpetual right of ingress and egress over and across the common areas and Association property for the purposes of performing their authorized services.

3.8.4 Conservation Easements. Developer reserves the right to grant conservation easements to grantees over and across Association property, common areas, lakes, wetlands, open space, parks, or the surface water management systems or any other property owned by the Developer.

3.8.5 Establishment of Easements. All easements, as provided for in this Article, shall be established by one or more of the following methods, to wit:

3.8.5.1 by a specific designation of an easement on any recorded Plat of the development;

3.8.5.2 by a reservation or specific statement providing for an easement in the deed of conveyance of a given lot;

3.8.5.3 by a separate instrument referencing this Article, said instrument to be subsequently recorded by the Developer; or

3.8.5.4 by virtue of the reservation or grant of rights set forth in this Article.

3.9 Golf Course Easements and other matters relating to Golf Course.

3.9.1 There may be a golf course owned by others located on lands adjacent to and/or included within the lands subject to this declaration. In furtherance of developing a residential community and golf course which are to co-exist and enhance the living environment, the Developer has recognized the need for cooperation between the residential community and the golf course. The Developer reserves the right to grant to the owners of the golf course a non-exclusive right to enter upon and use all the property of said Association as is reasonably necessary for the use and operation of said golf course and for the access to and maintenance of all parts of the golf course both by patrons and by maintenance personnel. This includes the right of the public to use or cross the roads owned by the Association and to have its patrons and employees enter into the Development without undergoing undue delay or procedures, the right to draw water for irrigation from lands, lakes or areas owned or partly owned by the Association, and the right of access across and through Association property, common areas and other easements in the development for the construction and maintenance of the golf course, club house, maintenance building, golf paths, golf tunnels, and other items needed to construct and maintain a golf course facility which easements shall be appurtenant to the golf course property. However, this reservation by Developer is not a representation that any such facilities will be constructed or even that a golf course will be constructed.

3.9.2 In addition, the Developer reserves the right to grant to the owners of the golf course a non-exclusive easement to use the parking facilities located on the Association common properties for overflow parking for the golf course. In such a case, the owners of the golf course shall grant to Association a similar easement to use the parking facilities located on the golf course property for overflow parking for the Association.

3.9.3 In return for the easements and other rights and concessions which are planned to be granted to the owners and operators of a golf course at or adjacent to the development, the owner or owners of said golf course shall maintain all portions of the storm water management system located on its property and shall contribute toward the cost of maintaining the development entryway and boulevard up to and including the furthermost junction driveways conveying automobiles into the parking lot or other facilities of said golf course. The costs shall include maintenance of paving, markings, signage, landscaping, sprinkler systems, walkways and all similar installations plus the maintenance of a guard shack, entry gates, security systems and labor for staffing, operating or maintaining such facilities.

The portion of the costs to be paid by the owner of the golf course shall be computed as an annual charge or assessment equal to three times the basic annual assessment imposed on the owner of a lot in the development on which a home has been built. The charge to the owner of the golf course shall change whenever the basic charge to the home owners is changed in accordance with the rules set forth in the documents governing the Association. The owner of the

golf course shall be permitted or required to pay the said annual charge in monthly installments if, and in the same manner as, the home owners are permitted or required to do so with respect to assessments imposed upon said home owners.

4. RIGHT OF ASSOCIATION TO CONSIDER PURCHASE OF GOLF COURSE OR OTHER LANDS OR AMENITIES; LIMITATION ON ASSOCIATION'S RIGHT TO DISPOSE OF LANDS OR OTHER ASSETS.

4.1 The Association is specifically given the authority and power to negotiate for the later purchase of said golf course and either operate it as a separate commercial entity or convert it to an Association asset to be operated for, and supported by, the entire Royal Highlands Community. This provision shall not be construed as an option or right of refusal or any other right to purchase said golf course.

4.2 The right of the Association to acquire lands and amenities, including a golf course, and to dispose of lands or other assets shall, however, be limited as follows, all other provisions in this document notwithstanding:

4.2.1 Any divesture or acquisition which significantly affects the cost or availability of an owner's use and enjoyment of any amenity shall be undertaken only after the Directors have secured the approval of 80% of the lots (for this purpose, each dwelling of a multi-family structure shall be counted as a lot) then in the Development. The cost shall be considered significantly affected if the cost to an owner/user would be initially increased more than 15% over the prior cost. The cost shall also be considered significantly affected if the terms of divesture would allow costs thereafter to rise at rate faster that the CPI-U. Availability shall be considered significantly affected if use of an entire amenity will no longer be available to the member/owners of the association. This section shall not be construed to preclude the Directors from dismantling an amenity or replacing or revising it. It applies only to the sale, gift or lease of specific amenity to third parties. Disposal on terms which assure availability of the amenity and use thereof by the members and at the same or lower cost shall not be considered as significantly affecting costs.

4.2.2 The acquisition of an amenity to be operated by the Association for the benefit of all the owner/members and which is to be supported by all of them, the acquisition of which is projected to initially change the annual assessment by 15% or more, shall be considered a significant acquisition and the Directors shall obtain the approval of 80% of the lots (for this purpose, each dwelling of a multi-family structure shall be counted as a lot) before undertaking such an acquisition.

4.2.3 The acquisition of an amenity to be operated by the Association as a business and a possible source of revenue for the benefit of all members but which the members were not required to join, support or pay for (except in the event of a revenue shortfall) shall be considered a major acquisition if the annual gross expenses of operating said amenity exceed $100,000. The Directors shall obtain the approval of 60% of the lots (for this purpose, each dwelling of a multi-family structure shall be counted as a lot) before undertaking a such a major acquisition notwithstanding projections which may show that assessments would not increase by 15%

4.2.4 The approvals required for a significant divesture or any significant or major acquisition shall be obtained pursuant to the Association bylaws then in effect provided, however, that said bylaws or a special resolution by

the Directors must provide for reasonable notice and a general meeting at which free and open discussion of the proposal is allowed and encouraged.

4.2.5 Acquisitions or divestures to adjust or re-align lot lines, or to adjust, realign, delete or provide roads or utility easements, easements and access routes and the like shall not be considered major or significant actions.

5. DEVELOPER'S RIGHT TO ADD FUTURE SECTIONS TO THE DEVELOPMENT. Developer reserves the right to add future sections to the said Royal Highlands development and the lot purchasers in said future sections shall become members in this same Association by the operation of a deed restriction document substantially the same as this one or a document which incorporates the terms of this agreement therein; said new owners shall also be granted with their lot the rights of beneficial use of certain tracts of land and improvements in or appurtenant to the subdivision or held by the Property Owners' Association; and said new owners' assessments for the maintenance of the common property shall be on the same basis as those of the earlier owners, all being computed based on the new total number of ownership interests; ie, lots.

6. OWNERS OF COMMERCIAL PARCELS NOT TO BE MEMBERS OF ASSOCIATION. Anything herein to the contrary notwithstanding, the owners of lands or parcels in the commercial sections of the Development, if any, or in commercial sections located outside but in the vicinity of the Development, if any, shall not be members of the said Association. Such commercial owners' rights in and to the common facilities shall be limited to easements for them and their patrons to use and/or install roads and accessways, parking, signage, lighting, landscaping and similar facilities and improvements as reasonably necessary for the conduct of the said owners' businesses. The Association is authorized and empowered to enter into binding agreements with owners of property in commercial sections to specify the assessments such owners will pay, with the assessments to be determined in accordance with the requirements of sections 3.7.2 through 3.7.4.

7. RECIPROCAL EASEMENTS. There shall exist reciprocal appurtenant easements as between adjacent lots and between each lot and any portion or portions of the common area adjacent thereto for any encroachment due to the unwillful placement, settling, or shifting of the improvements constructed, reconstructed, or altered thereon, provided such construction, reconstruction, or alteration is in accordance with the terms of this declaration. Such easement shall exist to a distance of not more than one foot as measured from any point on the common boundary between adjacent lots, and between each lot and any adjacent portion of the common area, along a line perpendicular to the boundary at such point. No easement for encroachment shall exist as to any encroachment occurring due to the wilful conduct of an owner.

8. OTHER EASEMENTS AND RIGHTS:

8.1 During the time the Developer is actively promoting and selling property in the development and so long as it holds any property in the development for sale it shall have an easement over all common areas for development, for construction, and for sales and marketing activities relating to the property subject to this declaration or to nearby property owned by said Developer.

8.2 Golf Course Front Lots. All lots which are adjacent on any side to the golf course (should one be built) shall be subject to a fifteen (15) foot easement in favor of the owners of the golf course along any part of the lot which abuts the golf course to be used for spectators and officials, and other normal customary uses for a golf course easement. In addition, each such lot shall be subject to an easement in favor of the owners of the golf course as reasonably necessary for minor overspray of water

and granting the right of brief entry on to such golf course front lots for the retrieval of errant golf balls.

9. DISCLAIMER: No representation is made or intended that the purchase of property in the development will entitle the owner to use of any privately owned amenity. Such use shall be on such terms and conditions as the owner of the amenity shall decide.

10. DISCLAIMER: Nothing herein shall be interpreted as a guarantee that any view over or across any amenity will be preserved without any impairment.

11. PARTY WALLS. Each wall built as a part of the original construction of the homes within the subdivision and placed on the dividing line between the lots shall constitute a party wall and, to the extent not inconsistent with the provisions of this declaration, the general rules of law regarding party walls and liability for property damage due to negligence or wilful acts of omissions shall apply thereto. The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use. If a party wall is destroyed or damaged by fire or other casualty, any owner who has used the wall may restore it, and if the other owners thereafter make use of the wall, they shall contribute to the cost of restoration in proportion to such use. This right of contribution shall be without prejudice to any right to call for a larger contribution under any rule of law regarding liability for negligent or wilful acts or omissions. Notwithstanding any other provisions in this article, any owner who, by his negligent or wilful acts causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements. The right of any owner to contribution from any other owner under this declaration shall run with the land, and shall pass to such owners's successors in title.

12. MULTI-FAMILY (VILLA) OWNER'S OBLIGATION TO REBUILD AND MAINTAIN INSURANCE.

12.1 If all or any portion of any multifamily building (villa) is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner or Owners thereof, with all due diligence, to rebuild, repair or reconstruct such building in a manner which will substantially restore it to its appearance and condition immediately prior to the casualty. Reconstruction will be undertaken within six (6) months after the damage occurs, and shall be completed within twelve (12) months after the damage occurs, unless prevented by causes beyond the control of the Owner or Owners.

12.2 Each Owner of any portion of any multifamily building (villa) shall maintain fire, theft, and casualty insurance on all improvements on his or her lot covering the full insurable value thereof with extended coverage. The Association shall be named as a certificate holder on such insurance and at least annually each Owner shall provide proof of such insurance to the Association.

12.3 In the alternative, the Association may obtain insurance covering the full insurable replacement value of the improvements on any group of lots and to pay the costs of such insurance. In such a case, the cost of such insurance shall be a part of the annual assessments charged to the affected lots or group of lots. The Association shall not obtain such insurance unless approval has been obtained by vote of a majority of the Board of Directors of the Association.

12.4 Should the owner of any portion of any multifamily building (villa) fail to maintain the required insurance as described above, the Association shall have the right to purchase such insurance and to assess the cost thereof as a special

assessment against such owner or owners, which assessment shall be supported by a lien on the affected lot or lots.

13. ASSESSMENTS BY ROYAL HIGHLANDS PROPERTY OWNERS ASSOCIATION, INC.

13.1 Delegation of Management, Creation of Lien and Personal Obligation of Assessments. The Owner of any lot or lands by acceptance of a deed thereto, whether or not it shall be so expressed in any such deed or other conveyance, including any purchaser at a judicial sale, shall be deemed to have appointed and employed the Association to manage and maintain the commonly owned property, as described above, and said purchaser also shall be deemed to covenant and agree to pay to the said Association any annual or special assessment or charges for the maintenance, operation or repair of said commonly owned property provided such assessments are fixed, established and assessed as hereinafter provided. Each owner hereby agrees to pay said assessments together with interest thereon from the due date at the highest legal rate under the laws of the State of Florida plus costs of collection thereof, including reasonable attorney's fees, and each owner further agrees that all such assessments, interest and fees shall be a charge on his individually owned lots and lands in the said development and shall be the basis of a continuing lien upon said land against which each such assessment is made, and shall also be the personal obligation, joint and several if there is more than one entity as owner, of the owner(s). No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the commonly held property or by abandonment. All owners of lots and multiple dwelling units agree that the provisions of this section shall also apply to fees and assessments levied for maintenance of their private property where the original purchase agreement or a subsequent agreement with the Association calls for such services; and owners of property in the commercial areas agree that the provisions of this section shall also apply to fees and assessments levied for operation and maintenance which have been mutually agreed upon and are predominantly for their benefit.

13.2 Purpose of the Assessments. General assessments shall consist of those assessments which are levied uniformly, as described in Section 13.5, and shall include annual and special assessments. All general assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, aesthetic enjoyment and welfare of the owners at the Royal Highlands development and in particular for the operation, maintenance and improvement of the common property and any other land, easement, or property held by or in favor of the said Association and such purpose shall include but shall not be limited to the payment of taxes, insurance, labor, equipment, materials, management, maintenance and supervision thereof, professional fees such as accounting, engineering, legal, surveying, etc., and for such other purposes as are permissible activities of and undertaken by the said Association. The Association is also specifically charged with the obligation to maintain roads, lakes, parks, water retention areas, storm water management facilities and drainage provisions of facilities. The annual assessments shall be based upon the above expenses required and incurred by the Association for general operating expenses, maintenance of the grounds and facilities, and employment of personnel and professionals. Special assessments shall be based upon those matters set forth in Section 13.9.

Assessments levied and collections made for exterior maintenance or other special services to a specific group of lot owners shall be accounted for separately and all monies levied and collected shall be expended to defray the costs of maintenance done for and services rendered to that specific group. Such monies may be mingled with the monies of other groups of lots and with the general funds of the Association.

13.3 The Association shall in its sole discretion have the right to provide services other than those named herein and to assess the residents for the costs thereof where in the considered opinion of the directors such action will benefit the community as a whole and will not have a significantly adverse effect on the charges to the residents. Such services might include garbage pickup for all, specialized communications services (such as cable TV, data network services or emergency aid-summoning devices).

13.4 The owners of multifamily lots shall be deemed to have designated and appointed the aforesaid Association as their agent to maintain the grounds and exteriors of their dwellings and to perform such other services as said owners may collectively request, and said owners shall be deemed to have agreed to pay to the Association their pro-rata shares of the costs of all such work and service. By acceptance of their deeds such owners agree that the Association shall be entitled to a lien on their respective properties to secure the payment of all said fees and costs. Collection by the Association and enforcement of the lien(s) hereby granted shall follow as closely as possible the procedures and requirements for collection of the general assessments. The Directors of the Association shall set the fees and make all judgements in connection with the providing of maintenance and other services under this section provided, however, that said Directors shall set up procedures for representatives of said owners, or several sets of such representatives representing distinct groups of owners, to be elected by the owners they are to represent to an advisory committee or committees; and the Directors shall be guided in all their actions by the recommendations of said advisory committee(s) unless said Directors specifically rule, by a 2/3 vote of their number, that recommendations of said committee(s) are inadvisable or inappropriate or undesirable for their effect on the rest of the Royal Highlands community.

The provisions of the foregoing paragraph shall also apply with full force and effect to any single family lot where the owner or any predecessor in title has agreed to arrange for exterior maintenance of their dwellings and grounds as described above and such agreement has been accepted and agreed to by the Association.

13.5 Uniform Rate of Assessment.

13.5.1 All regular and special general assessments which are imposed on all the lots in the development shall be at a uniform rate except that the assessment on a vacant lot shall be computed as ten percent (10%) of the rate for a lot upon which there is a completed dwelling. The assessments shall be made for an annual period comprising the calendar year provided, however, that lots which have dwellings completed during any year shall switch from the 10% rate to the full assessment rate starting with the month immediately following completion of the dwelling. If assessments have been made wholly due and payable at the start of the year, the difference between the 10% assessment and the full assessment, pro-rated for the remaining months of the year, shall be due and payable the first of the month following completion of the dwelling on that lot. If the Directors have adopted a policy of allowing the annual assessment to be paid in monthly installments, then the higher monthly payment because of the completed dwelling will commence the month following completion.

13.5.2 The provisions of this section providing for a lower rate of assessment for lots on which a dwelling has not been completed shall not be changed unless a two thirds (2/3) majority of the owners of such vacant lots have agreed in writing to the change.

13.5.3 If an owner owns more than one lot then that owner shall pay a greater assessment computed to the nearest

half lot. Thus an owner of a lot and a half would pay 1.5 times the assessment paid by an owner with only one lot; an owner of two lots would pay double the amount, etc. If the lots and/or partial lots owned are contiguous and if a completed dwelling is situated so as to effectively occupy the entire parcel, then the higher assessment will apply to the entire ownership interest as soon as a dwelling is completed thereon.

13.6 Different Rates Allowable for Different Amenities or Different Services: The provisions for uniform rates shall not be construed as precluding the development of defined sections within the community which have exclusive use of amenities or exclusive use of or benefit from structures for which extra charges or assessments are made. Similarly, the provision for uniform rates shall not apply to charges for extra services such as exterior care and maintenance of grounds or dwellings for individual owners or groups of owners.

13.7 If lot owners in a specifically defined area have contracts and deeds calling for exterior maintenance or similar service by the Association, or if lot owners in a specifically defined area have exclusive use of or receive exclusive benefit from a structure or structures on, adjacent to or in the vicinity of said lots, the owners of said lots may be assigned to and belong to a specific group of owners and additional assessments against each of said owners shall be in accordance with a schedule of fees which is set by the Board of Directors of the Association, which schedule is applied uniformly to all owners in that group. It is specifically provided that the said schedule of fees can be developed and established so as to allow for (charge extra for) any extra yard area or significantly different building size or configuration. Other factors which result in material differences in the costs of maintaining one lot or dwelling as compared to another may also be considered by the Board in establishing the schedule of fees and rates. If and when such fee bases are established for a group they shall be charged uniformly for everyone in that group. By way of illustration and not limitation, the owners of Lots 28 through 34 and 44 through 49, in Phase 1, shall constitute a specific group of owners who shall be responsible for the expenses incurred by the Association to maintain the retaining wall located on said lots. The assessments for said maintenance shall be determined and levied by the board of directors of the Association in accordance with the terms of this section 13.7.

13.8 Date of Commencement of Annual Assessment. The annual assessments provided for herein shall be set by the Board of Directors of the Association and the assessments shall be due and payable on the first day of a month to be set by said Directors. The Directors may provide for monthly or quarterly payments against the annual assessments. The Directors shall also provide for prorating the annual assessments: for vacant lots a prorated portion of the annual assessment based on the number of full months remaining in the year after title to the lot passes from the Developer to the owner; and, similarly the higher assessment for a lot upon completion of a dwelling shall be prorated based on the full months remaining after the home is completed, as evidenced by a Certificate of Occupancy.

13.9 Special Assessments. In addition to the annual assessments authorized above, the Association may levy in any calendar year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement upon the common areas, including the necessary fixtures and personal property related thereto; provided that any such assessment shall have the assent of the Developer and a majority of the votes of Members of the Association who are voting in person or by proxy, at the annual meeting of the Members

of the Association or a special meeting of the Members of the Association called for that purpose.

13.10 Lien and Effect of Non-Payment of Assessments. If the payments on the assessments herein provided for are not paid when due according to the payment due dates established by the Board of Directors, then the full remaining amount of such annual assessment shall become delinquent and it, together with interest thereon and costs of collection, as hereinafter provided, shall become a continuing lien on that owner's lot(s) as of the date of recording a Claim of Lien in the Public Records of Lake County, Florida, which Claim of Lien shall give the description of the lands encumbered thereby, the name of the owner, the amount due and the date it was due. Said lien shall bind and be valid against said property in the hands of the then owner and all heirs and assigns.

If an assessment or payment against such assessment is not paid within thirty (30) days after the due date as set by the Board of Directors, then the sum which is delinquent shall bear interest from the date of delinquency at the highest legal rate under the laws of the State of Florida and the Association may bring an action against the owner(s) to pay the same and/or may foreclose the lien against the property; and there shall be added to the amount(s) due, owing and payable all costs and expenses, including a reasonable attorney's fee, which are incurred by the Association in collecting said sums due.

13.11 Notwithstanding the foregoing provisions, the Developer shall not be required to pay any annual or special assessments on any individual lots or dwelling units it owns so long as the following two conditions exist: First, the Developer continues to guarantee that the annual assessment for a given calendar year will not exceed the annual assessment computed and imposed on each lot prior to the beginning of said calendar year, and, Second, the Developer agrees to subsidize the operations of the Association (not including the accumulation of reserves or expenses for capital improvements, special services that may be uniformly charged to all residents (such as garbage or cable TV service), or special services that may be charged to special groups of residents) to the extent of any monetary shortfall by paying to the Association the amount of any deficit each year which may be suffered after collection of the total amount of the annual assessment guaranteed by the Developer. The foregoing exemption from assessment in favor of the Developer applies only to general assessments, meaning the annual and special assessments applied uniformly to all owners in the Royal Highlands development. The exemption does not apply to assessments made for the costs of any special services or for maintenance, such as for the exterior maintenance of a multiple dwelling unit and its grounds nor does it apply to the costs for services rendered to commercial and business parcels in the Development. If the Developer owns a multiple dwelling unit or belongs to some other special group receiving special service, the Developer shall pay its pro-rata share of the costs just as any other owner does.

The "guaranteed annual assessment amount as computed and imposed, " cited above, shall be interpreted to include monies required for the maintenance of the entrance to the Development and all common grounds including roads, parking areas, landscaping, irrigation, lighting and the like, and maintenance and operation of all recreational facilities and social programs, and including the cost of office workers, managers, social directors and the costs of management fees and professional fees such as for accounting and legal services and the like. If the owners or any groups of them should elect to add additional services to be provided to them by their Association, such as cable TV, trash pickup, lawn maintenance, then for purposes of calculating the Developer's guarantee under the above paragraph the costs, charges or expenses for such other services shall not be included.

It is hereby specifically provided that during the time the two conditions above are met the Association shall not be required to accumulate reserves for the maintenance or replacement of facilities, buildings or equipment.

13.12 The Association shall have the authority to levy an assessment on any individual lot, with or without a dwelling thereon, to cover any expenses which the Association might incur to bring the lot, the dwelling or the occupants into compliance with any of the provisions of these deed restrictions or with Association rules duly adopted in accordance herewith or in performing maintenance or repairs necessitated by the actions or conduct of the owners or occupants of said individual properties. Such assessment shall not be deemed guaranteed under the "stipulated maximum assessment amount" described above. The Association shall have a lien against the property for collection of any assessment imposed under this section, the lien to be enforceable in the manner as provided elsewhere for the collection of liens for other types of assessments. The Association and its representatives shall have the right to enter upon private property for the purpose of performing work or maintenance under this section.

13.13 The Association shall have the authority to maintain property which it does not own, such as public parks or rights of way, where to do so will, in the opinion of the Association, benefit the owners, residents and other interests in the development. The expenses of performing such maintenance shall be considered to be the same as monies expended for the maintenance of the community entrance and common grounds.

14. STORMWATER MANAGEMENT.

14.1 For purposes of this subsection, "Surface Water or Stormwater Management System" means a system which is designed and constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, overdrainage, environmental degradation, and water pollution or otherwise affect the quantity and quality of discharges from the system, as permitted pursuant to Chapters 40C-4, 40C-40, or 40C-42, F.A.C.

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

14.3 Any amendment to the Covenants and Restriction which alter the surface water or stormwater management system, beyond maintenance in its original condition, including the water management portions of the common areas, must have the prior approval of the St. Johns River Water Management District.

14.4 In the event of termination, dissolution or final liquidation of the Association, the responsibility for the operation and maintenance of the stormwater management system must be transferred to and accepted by an entity which would comply with Section 40C-42.027, F.A.C., and be approved by the St. Johns River Water Management District prior to such termination, dissolution or liquidation.

14.5 The St. Johns River Water Management District shall have the right to enforce, by a proceeding at law or in equity, the provisions contained in this Declaration which relate to the maintenance, operation and repair of the surface water or stormwater management system.

15. BUILDING RESTRICTIONS.

15.1 Any building erected or constructed as a dwelling unit on any lot or combination of lots shall contain a minimum of 900 square feet of living area exclusive of garages, screened rooms, porches, breezeways or the like.

15.2 All dwelling units are to be used by only one family as the term is commonly understood. This shall not be interpreted as precluding live-in servants or aides nor to preclude two or more unrelated owners occupying a home.

15.3 Each dwelling unit must have an attached enclosed garage with a capacity of at least one automobile.

15.4 There shall be no unfinished or painted block on the exteriors of residences except for special architectural or decorative blocks.

15.5 All residential drives must be paved from the garage to the street with concrete or asphalt or similar material.

15.6 All residential yards must be sodded or landscaped to the pavement on the front side of the structure and to the adjacent lots on the side unless and except where terrain, natural growth, special landscaping or a designated nature area precludes or obviates the establishment of lawns and/or plant beds.

15.7 Pitched roofs are required on all dwellings. No flat roofs will be permitted on porches, Florida rooms, utility rooms or elsewhere. For purposes of this section, a flat roof is any roof with less than a slope of 2.5" in 12" (2.5/12).

15.8 No unusual shapes will be permitted (such as geodesic roofs, poured domes, etc.)

15.9 Except for low, decorative walls integrated into the design of a dwelling unit, such as extending wings or entrance courtyards, and except for hedges not exceeding four feet in height, no walls, fencing or hedging shall be established extending nearer to the street right of way than does the nearest portion of the structure proper.

15.10 No detached auxiliary buildings of any kind shall be allowed in the residential sections of the community.

15.11 All fences, screens, lawn decorations of any type whatsoever and all exterior improvements other than landscaping must be approved by the Developer or the Board of Directors of the Association and all such fences, screens, decorations and improvements must be maintained in good condition at all times.

15.12 All utilities must be unobtrusive or they must be underground.

15.13 All homes and dwellings must be attractively landscaped at front and sides.

15.14 No individual Tall Ham Radio antennas will be permitted. Ham radio antennas of the "ground mounted vertical" type which are not more than 25 feet high measured from ground level and which are attached to the home located on the lot are permitted and are judged as giving ham operators reasonable access

to the airwaves while at the same time maintaining high appearance standards in the community.

15.15 Roof or chimney mounted TV antennas are permitted provided they do not extend more than four feet above the highest point of the roof or chimney. No ground mounted TV antenna towers, poles, rods or the like are permitted.

15.16 No TV satellite dishes shall be installed outdoors except small satellite dishes not exceeding twenty-four inches (24") in diameter and ground mounted in side or rear yards. Such satellite dishes shall be screened from view by fences or vegetation as much is feasible. — See modification

15.17 No above ground swimming pools shall be allowed.

15.18 In exceptional and special cases, the Developer may waive or modify any of the above regulations provided said Developer rules that such waiving or modifying will enhance rather than detract from the general attractiveness of the development.

15.19 Any equipment installed outside must be effectively screened from view from the streets and from neighboring lots by plantings, fences or other forms of screening. Items that must be screened or enclosed include tanks, pumps, filters and similar devices such as might be installed for irrigation, for swimming pools or for other purposes. Air conditioners or condensing units, electrical transformers, fire hydrants and television, telephone and similar communications boxes are exempt from the requirements of this sub- section.

15.20 Lots which abut the golf course (should one be constructed) shall be subject to the following restrictions:

15.20.1 No fences shall be allowed on the fairway side of lots abutting a golf course;

15.20.2 The fairway side of lots abutting a golf course shall be attractively landscaped, including complete sod;

15.20.3 No signs shall be placed on the fairway side of lots abutting a golf course.

15.20.4 Such lots shall be subject to the right of golfers on the golf course to retrieve their golf balls should a ball stray off the course. By purchase of their lot abutting the golf course, owners of such lots hereby acknowledge that during the course of play, golf balls will be hit which will stray off the course and on the lot owner's property.

16. STORAGE RESTRICTIONS.

16.1 Storage in Residential Areas: Except for temporary parking for not more than 24 hours in any 7 day period, all boats, recreational vehicles, trailers, cars, trucks, campers and the like must be parked or stored in an area designated by the Board of Directors or kept inside a building or must be otherwise effectively and completely screened from view. Exceptions are visitor's, workmen's or servicemen's fully operational vehicles temporarily parked while visiting or working at the home. Also excepted are not more than two fully licensed and operational passenger vehicles kept in the driveway of each residence and owned by someone residing in that residence.

16.2 Storage in Commercial and Business Areas: The same restrictions shall apply as listed above for residential areas except that fully licensed and operational vehicles used in the

owners' business may be parked overnight behind his establishment or in a public parking lot serving his establishment.

16.3 No materials, tools, supplies or equipment of any kind are to be stored outside. An exception is short term storage strictly in connection with additions, improvements or major repairs to a property and this only while such additions, improvements or repairs are bona fide in progress.

17. DEVELOPER APPROVAL.

17.1 No building, improvements, or structure of any kind, including, but not limited to, additions, alterations, pools, fences, walls, patios, terraces, barbecue pits, recreational facilities, landscaping, gazebos, docks, or boat slips shall be installed, erected or altered without prior approval of the Developer. All construction plans, including location and plot plans and landscaping plans, shall be subject to approval by the Developer. The Developer shall give acceptance or rejection of, or shall propose changes to, the proposed plans in writing within 15 days of submission. Failure to respond within 15 days shall be deemed the equivalent of acceptance. Without limiting the broad power and authority of the Developer to approve, reject or require modifications with respect to any proposed structure or improvement, the Developer shall have the following powers:

17.1.1 To reject and prohibit all improvements and structures which would interfere in any way with maintenance to be performed by the Association.

17.1.2 To reject and prohibit all improvements and structures which would violate the terms of any conservation easement or buffer area required by the applicable governmental authorities.

17.1.3 To condition the approval of the improvement or structure upon the owner's agreement to assume responsibility for and to pay the cost of maintaining the structure or improvement.

17.1.4 To condition approval of the structure or improvement upon the owner's agreement to pay to the Association the increased cost of maintenance of the surrounding property attributable to or caused by the existence of such improvement or structure.

17.2 Developer reserves the right to transfer any or all of the approval and/or regulatory powers and rights under this document to the aforesaid Property Owners' Association, and when such transfer has been made by the Developer in writing, all of the provisions in this document referring to Developer powers and rights which have been so transferred shall be construed to refer to the Association acting as provided in its Charter and Bylaws and any procedures it has set up to implement such approval powers. Should Developer fail to transfer all of the approval and/or regulatory powers and rights to the Association, when Developer no longer has property for sale in the development and is not actively engaged in expanding the development, all Developer approval and/or regulatory rights and powers shall pass automatically to the Association.

17.3 Written approval, when required, shall be obtained before start of any construction or improvement and failure to obtain such approval shall be deemed a material breach of this restriction. The Developer shall then have the right to a permanent injunction against such construction and also the right to have any construction which has been done without approval torn down and removed forthwith at the offending owner's expense.

18. GIVING OF NOTICES.

18.1 Any notice to the Developer such as request for approval of plans, shall be in writing and delivered or mailed to the Developer at its principal place of business as shown by the records of the Secretary of the State of Florida, or at such other location as the Developer has designated and made known to the transmitter.

18.2 Any notice to the Property Owners' Association shall be in writing and delivered or mailed to the Association at its principal place of business as shown by the records of the Secretary of the State of Florida, or at such other location as the Association has designated and made known to the transmitter.

18.3 Any notice to an owner of a violation of any of these Restrictions, or any other notice herein required or allowed, shall be in writing and delivered or mailed to the owner at the address shown on the tax rolls of Lake County, Florida, or if not shown thereon, to the address of the owner as shown on the deed as recorded in the Public Records of Lake County, Florida.

19. NO SUBDIVISION. None of the single family lots in the subject development shall be subdivided so as to result a greater number of building sites than those originally platted. Owners may, however, expand their home sites by adding all or part of other lots to their home sites such that the total number of home sites is decreased. In such event, which is tantamount to a realignment of lot boundaries, participating parties shall reach an agreement among themselves and shall then notify the Property Owners' Association of the new alignment and identify which enlarged lots then remain and state, to the nearest half lot, what the new common ownership interests are agreed to be with respect to the lots so enlarged. If the said Owners fail to agree or to make such notification within three months of deeding the realignment(s), then the Directors of the Association shall make the determination of what the new ownership interests are and said determination shall be binding on said Owners. The total of the ownership interests after the realignment(s) shall be the same as before the changes. The Directors of the Association shall thenceforth make the assessment and assign the number of votes allocated on the revised ownership shares effective with the next annual or special assessment date. No re- division of lots or relocation of lot boundaries shall affect the common areas except that the Developer may make such changes if it is necessary in order to accommodate construction or other improvements and if the overall effect on the value and usability of said commons is enhanced or is negligible in the judgement of the Developer.

20. EASEMENTS. No owner shall grant an easement across his property for road or access purposes across his land to property located outside the boundaries of the Royal Highlands development as it may exist from time to time with the addition of various new sections. All owners are also hereby advised that the subdivision plat and the deed to their lots reserves certain easements for various purposes including public utilities, drainage and the like.

21. REMOVING, ADDING OR MODIFYING RESTRICTIONS.

21.1 Notwithstanding the provisions of this document, any restriction may be removed, added, or modified by a two thirds vote of all the lot owners which then exist in the Subdivision and which are subject to provisions like those contained herein. It is intended that an ownership interest in a lot shall carry one vote and the owner of more than one lot, such as the Developer, shall have votes equal to the number of lots owned. Any such change to these restrictions which would change the general character of the development or its status as an adult community shall require a favorable vote by ninety percent of all the ownership interests in the community to become effective. The voting on any change to

these restrictions shall be conducted under the auspices of the Association according to the rules set forth in its bylaws.

21.2 In addition to the powers provided above, and the powers granted the Board of Directors of the aforementioned Homeowners Association for managing and regulating the use of common facilities, the said Board of Directors shall have the power to make, rescind or modify regulations concerning the appearance, condition or use of any residence for the overall benefit of the neighbors, the neighborhood and the community. Such regulations shall address only physical manifestation of such appearance, condition or use, including visual and audible manifestations. Said regulations must be reasonable and must address a reasonable concern or interest of the neighbors or the community as a whole. The Board of Directors shall keep a compilation of such regulations available for examination by any resident and shall make copies available at reasonable cost. Regulations made under this section shall not be required to be filed in the Public Records.

21.3 Examples of matters which may be regulated under the preceding paragraph include, but are not necessarily limited to, the following:

- Appearance of house or grounds.
- Noise, including that made by pets and machinery.
- Odors and stains, including those caused by composting or sprinkling.
- Drilling and use of private water wells.
- Installation and type of any dock, deck, boardwalk or similar structure.
- Clotheslines or other clothes drying structures.
- Obstructions to view, light or ventilation including fences, hedges, or any planting or installation.
- Types of fencing or landscaping, heights permitted and where permitted.
- Flags, signs, decorations or embellishments visible from outside the residence, including flagpoles.
- Parking or storage of any vehicle or item outdoors.
- Types of private swimming pools allowed and methods of enclosing same.
- Chaperoning or accompanying visitors, use of name tags or other identification of residents, visitors and guests.
- Limitations on use of commonly owned facilities by visitors and guests.
- Supervision of minors.
- Safety and health regulations regarding use of any common facilities.
- Any other activity or condition reasonably of concern to neighboring property owners or to the community as a whole.

21.4 The Regulations enacted by the Board of Directors may be enforced by action at law or equity by the said Board or by any property owner in the Royal Highlands development. The Board of Directors shall also have the right to maintain or repair grounds or structures which are not in compliance with regulations and is hereby granted right of access where necessary to effect such maintenance or repair and is also granted a lien against the subject property to secure payment of reasonable charges for the performance of such service.

21.5 No regulation or change in regulation shall operate to rescind a right previously granted or a use already established which was allowed prior to the new regulation.

22. NON-LIABILITY. No Developer, Owner or Owners' Association herein shall be in any way or manner be held liable or responsible for any violation of these restrictions by any person or entity other than itself. No Developer, Owner or Owners's Association shall be responsible for security of property or persons in the development notwithstanding the fact that one or more of said first named entities may undertake activities to enhance such security.

23. COMPLIANCE. The covenants, restrictions and servitudes imposed by this document apply to the Owners and to anyone occupying or exercising rights under them. Failure of the Owner to notify any such person of the existence of said restrictions shall not in any way limit or modify the rights of the Developer, the Association and the other owners hereunder.

24. DEVELOPER EXCEPTED FROM CERTAIN PROVISIONS: None of the provisions of this document shall apply to temporary or interim use or activities by the Developer or his assigns which are bona fide related to building, developing or selling at the Royal Highlands development. Thus Developer or assigns shall be allowed to do such things as use homes for guest homes or for sales offices, park vans or vehicles, erect temporary shelters, store materials or equipment, erect signs and engage in any and all similar sales and development related activity; provided always that this is allowed only during the sales and development period and that any non-complying constructs shall be removed when Developer's activities end.

25. DECLARATION OF RESTRICTIONS TO RUN WITH THE LAND. The covenants and restrictions of this Declaration shall run with the land and bind the property described and shall inure to the benefit of and be enforceable by the Developer, or the Property Owners' Association, or by any Owner of any of the lots or dwelling units in the Royal Highlands development and their heirs, successors or assigns for a term of 20 years from the date these Restrictions are recorded, after which time these said covenants and restrictions shall automatically be extended for successive periods of ten years unless prior to any such renewal point an instrument signed by the then owners representing 2/3 of the lots and dwelling units has been recorded agreeing to change or agreeing to terminate said covenants and restrictions in whole or part.

26. ENFORCEMENT. These covenants and restrictions may be enforced by any procedure at law or equity against any person violating or attempting to violate any provision of this document, either to restrain a prospective violation or to require performance to remedy a violation or to recover damages resulting from a violation or non compliance. Failure by any party to enforce any covenant or restriction herein in one or more instances shall not be deemed a waiver of the right to do so thereafter.

Notwithstanding the foregoing, any dispute between the Developer, the Association and the residents or owners in the Development, or any of them which may arise from the terms of any part of this Declaration that cannot be otherwise settled between them, shall be submitted to binding arbitration under the Florida Arbitration Code. Anyone accepting a deed to property in Royal Highlands as it may be constituted from time to time shall, by such acceptance, be deemed to have agreed to submit any dispute to binding arbitration. It shall be a condition precedent to the bringing of any suit or pleading in any such suit that the party suing or pleading shall have used or offered to use binding arbitration and the other provisions of said Code as the first avenue of redress and shall have agreed to abide by and comply with the results of said arbitration.

27. DEVELOPER APPROVAL REQUIRED TO AMEND: No part of this document may be changed or amended without the written approval of

the Developer so long as the Developer owns property subject to these Declarations.

28. SEVERABILITY CLAUSE. Invalidation of any restriction, clause or phrase herein, in whole or part, by a court of competent jurisdiction shall not affect the other restrictions or the rest of this document.

29. NOT A CONDOMINIUM. It is specifically declared to be Developer's intent, and grantees by accepting title do covenant and agree, that the Royal Highlands development shall not be a condominium as defined by Chapter 718, Florida Statutes.

30. CAPTIONS. The captions used throughout this Declaration are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this instrument.

IN WITNESS WHEREOF the undersigned, being the owner of the lands in said subdivision, has hereunto set its hand and seal.

Signed, sealed and delivered
in the presence of

Pringle Communities, Inc.

Keith Ward

Brenda Seebaugh
Brenda Seebaugh

By John A. Pringle, President

Attest by: George O. Pringle,
Secretary

(Seal)

STATE OF FLORIDA
COUNTY OF LAKE

I hereby certify that on this 13th day of December, 1995, before me, an officer duly authorized in the state and county aforesaid to take acknowledgements, appeared **JOHN A. PRINGLE, and GEORGE O. PRINGLE, known to me to be the President and Secretary, respectively, of PRINGLE COMMUNITIES, INC.**, the corporation in whose name the foregoing instrument was executed, and they severally acknowledge executing the same for such corporation, freely and voluntarily, under authority duly vested in them by said corporation, and that the seal affixed thereto is the true corporate seal of said corporation, and that they are personally known to me.

Brenda Seebaugh
Notary Public's Signature

My Commission Expires: 10-19-98

Brenda Seebaugh
Notary's name printed

BRENDA SEEBAUGH
MY COMMISSION EXPIRES
OCTOBER 19, 1998
#CC 414643
Bonded thru
Troy Fain-Insurance
NOTARY PUBLIC, STATE OF FLORIDA

PREPARED BY and RETURN TO:
Gary L. Summers, Esquire
Williams, Smith & Summers, P.A.
380 W. Alfred Street
Tavares, FL 32778

REC 9.00
TF 1.50

97 64514

NOTICE OF MODIFICATION OF
DECLARATION OF RESTRICTIONS FOR
ROYAL HIGHLANDS PLANNED UNIT DEVELOPMENT

THIS NOTICE OF MODIFICATION is made this 8th day of September, 1997, by Pringle Communities, Inc., a Florida corporation (hereinafter referred to as the "Developer").

W I T N E S S E T H:

WHEREAS, the Developer previously recorded a Declaration of Restrictions for Royal Highlands Planned Unit Development (the "Declaration"), said Declaration having been recorded in O.R. Book 1399, page 1878, and which Declaration was amended by the instruments recorded in O.R. Book 1478, page 2147, and O.R. Book 1544, page 392, all in the Public Records of Lake County, Florida, and

WHEREAS Section 15.16 of the Declaration prohibits the outdoor installation of T.V. satellite dishes greater than twenty-four (24") inches in diameter, and

WHEREAS the Federal Congress, through the Telecommunications Act of 1996, and the Federal Communications Commission, through the enabling rules adopted pursuant to said Act, have prohibited certain restrictions related to certain antennas, and

WHEREAS, the change in federal law has created an exceptional and special case related to antennas.

SEP 15 4 27 PM '97
CLERK
RECORDED
RECORD VERIFIED
LAKE

NOW, THEREFORE, pursuant to Section 15.18 of the Declaration, the Developer hereby modifies the Declaration by deleting the language set forth in Section 15.16 and substituting therefor the following language:

15.16.1 Satellite antennas or dishes up to 1 meter in diameter or diagonal measurement are permitted in side or rear yards provided they are reasonably screened from view by fences or plantings or are disguised to present the appearance of ordinary lawn furniture, furnishings or installations. The Developer or its designee retains the right to review the completed installation and require additional screening, camouflage, or disguise if reasonably necessary to preserve the character of the community.

15.16.2 Satellite antennas or dishes over 1 meter in diameter may be installed only after review and approval by the Developer or its designee of the proposed installation and its screening, camouflage, or disguise. There shall be no charge for such review and approval; approval shall be deemed to have been given if the Developer or its designee does not respond to the request for review and approval within seven (7) days from the date of submittal to the Developer of all materials which reasonably depict the proposed installation.

15.16.3 The Developer deems the foregoing restrictions on satellite antennas to be reasonable for the preservation of the aesthetic attractiveness of the community and that they are therefore in compliance with federal law.

15.16.4 All screening, camouflage, or disguise shall be maintained in good condition by the owner of the property and failure to perform such maintenance shall be grounds to require the removal of the antennae.

PRINGLE COMMUNITIES, INC.

Witness Melissa Stringham

By: John A. Pringle
John A. Pringle, President

Witness JACK V. DOYSON

STATE OF FLORIDA
COUNTY OF LAKE

The foregoing instrument was acknowledged before me this September 8, 1997, by John A. Pringle, president of Pringle Communities, Inc., [✓] who is personally known to me, or [ ] who has produced _____ as identification.

Melissa Stringham
Notary Signature

Melissa Stringham
Printed Notary Signature

My Commission Expires:

Melissa Stringham
MY COMMISSION # CC538377 EXPIRES
February 29, 2000
BONDED THRU TROY FAIN INSURANCE, INC.

Prepared by/Return to:
Gary L. Summers, Esquire
Williams, Smith & Summers, P. A.
380 West Alfred Street
Tavares, Florida 32778-3298

[7/17/97 Z:\WP60\DATA\WORD2\PRINGLE.DEV\ROYAL\DEC-REST.MOD]