

DECLARATION OF COVENANTS AND RESTRICTIONS FOR
BEDFORD AT LAKE CATHERINE

THIS DECLARATION OF COVENANTS AND RESTRICTIONS, is made this _____ day of _____, 19____, by DIVOSTA AND COMPANY, INC., a Florida corporation, ("Developer"), and by the BEDFORD AT LAKE CATHERINE HOMEOWNERS ASSOCIATION, INC., a Florida corporation not-for-profit, ("Association"),

Developer is the owner of the real property described in Exhibit "A" attached to this Declaration, and incorporated into this Declaration by reference. The Developer intends by this Declaration to impose restrictions upon certain properties under a general plan of development to mutually benefit all owners of residential properties within the restricted property. The Developer desires to provide a flexible, manageable, and reasonable procedure for the overall development of the restricted property, and to establish a method for the administration, maintenance, preservation, use, and enjoyment of the restricted property.

Developer declares that the property restricted by this Declaration and any additional property which may be subjected to this Declaration by a subsequent amendment shall be held, sold, 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 property subjected to this Declaration.

ARTICLE I

DEFINITIONS

1. "Articles" shall mean the Articles of Incorporation of the Association (hereinafter defined). A true and correct copy of the Articles is attached hereto, made a part hereof, and marked Exhibit "B".

2. "Assessment" means a share of the funds which are required for the payment of Association Expenses, which from time to time is assessed against the Members (hereinafter defined) of the Association.

3. "Association" shall mean and refer to the Bedford at Lake Catherine Homeowners Association, Inc., its successors and assigns.

4. "Association Expenses" shall mean and include the actual and estimated expenses of operating the Association and the Property Owners Association (hereinafter defined), including any reasonable reserve, all as may be found to be necessary and appropriate by the Board and by the Property Owners Association, where appropriate, pursuant to the Homeowners Documents (hereinafter defined).

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

6. "Bedford at Lake Catherine" is the name given to a planned unit development located in Palm Beach Gardens, Florida.

7. "Bedford at Lake Catherine Homeowners Association, Inc." shall mean that certain entity created to maintain, manage, and control the Common Areas. It shall be referred to as the "Association", but it may also be referred to as the "Homeowners Association" or "HOA".

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

9. "By-Laws" shall mean and refer to the By-Laws of the Association, attached hereto, made a part hereof, and marked Exhibit "C".

10. "Common Area" shall mean those areas of real property shown on the plat of Lake Catherine (hereinafter defined), together with all improvements thereto, which are devoted to the common use and enjoyment of the Members of the Association. The term "Common Area" may sometimes be used interchangeably with the term "Association Property". The common area shall consist of:

A. All portions of the Property (hereinafter defined), which are submitted to this Declaration, and are dedicated to the Association, that are not Units;

B. All portions of the Property submitted to this Declaration that are not dedicated to any governmental entity or to the public for a public use, if any.

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

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.

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.

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

15. "General Plan of Development" shall mean that portion of the plat of Lake Catherine dedicated to the Association and submitted to this Declaration, initially or by subsequent Amendment (hereinafter defined), as approved by the appropriate governmental agencies, and which shall represent the development plan and general uses of the Property.

16. "Homeowners Documents" means in the aggregate this Declaration, the Articles, and the By-Laws of the Association; as well as the Declaration of Covenants and Restrictions for Lake Catherine, the Articles of Incorporation for the Lake Catherine Property Owners Association, inc. ("Property Owners Association" or "POA"), the By-Laws of the Property Owners Association and all of the instruments and documents referred to herein and executed in connection with the General Plan of Development.

17. "Institutional Mortgagee" 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.

18. "Lake Catherine" is the name given to a planned unit development located in Palm Beach Gardens, Florida, which has been platted in the County under the same name.

19. "Lake Catherine Property Owners Association, Inc." shall mean that certain entity created to hold, maintain, manage, and control certain property for the benefit of the Members and other Persons. It shall be referred to as the "Property Owners Association" or "POA".

20. "Lot" shall mean a Unit as defined below.

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

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

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

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

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

26. "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 Property Owners Association, 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, or similar designation.

27. "Rules and Regulations" shall mean the rules, regulations, and policies which are attached hereto, made a part hereof, and marked Exhibit "D", and as may be adopted by the Board or by the Property Owners Association from time to time by resolution or motion carried.

28. "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.

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

30. "Subsequent Amendment" shall mean an amendment to this Declaration which subjects additional property to this Declaration, or which withdraws property previously submitted to this Declaration. Such Subsequent Amendment may, but is not required to, impose, expressly or by reference, additional restrictions and obligations on any land submitted by a Subsequent Amendment to the provisions of this Declaration.

31. "Transfer Date" shall mean the date that the Developer relinquishes the right to appoint a majority of the Directors to the Board, and conveys legal title to the Common Area to the Association. The transfer date shall occur 120 days after the Developer has closed the sales of all of the Lots or Units contemplated by the General Plan of Development, or after the Developer elects to relinquish its control of the Association, whichever shall first occur.

32. "Unit" shall mean a finished portion of the Properties, for which a certificate of occupancy has been issued by the appropriate jurisdiction and which is intended for use and occupancy as an attached or detached residence for a single family. A Unit may also be referred to as a "single family home".

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

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. Additional Property. The Developer may subject additional property to this Declaration, including without limitation, residential property, Common Areas, Roads, and properties of all types, including undeveloped lands and platted subdivisions, and lots by recording in the public records of the County a Subsequent Amendment to this Declaration setting forth any use restrictions, voting rights, maintenance requirements, user fees, dues, or other provisions pertaining to such additional property. Despite the fact that Developer's submission of additional property to this Declaration may result in an overall increase in the Association 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 (except for the approval, if required, of municipal authorities for Palm Beach Gardens, Florida), or any mortgagee of any Unit. Any property submitted to this Declaration by Subsequent Amendment, shall be included in the term "Property". Likewise, the Developer reserves the right to withdraw any portion of the Property from the restrictions, covenants, and conditions of this Declaration, including, without limitation, any residential property, Roads, Common Areas or other areas that may have been submitted initially by this Declaration or by a Subsequent Amendment. The Developer shall have such rights until the Transfer Date. The Developer's right to withdraw any portion of the Property shall not be applicable to any portion of the Property that has been conveyed to an Owner.

3. Phasing. If sales response warrants the development, it is the intention of the Developer to develop the Units in a single phase. The development may not be completed in its entirety, but the Developer will complete any Unit for which a municipal building permit is obtained. Development shall be commenced within 90 days of the recording of this Declaration in the public records of the County. Developer reserves the right to modify the architectural appearance, dimensions, and site plan

for Bedford at Lake Catherine., Developer's right to modify the architectural appearance, dimensions, and site plan shall not require the consent of any other person or entity, except for approval, if required, of the municipal authorities.

ARTICLE III

PROPERTY RIGHTS

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 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.

2. Developer Rights. The Developer reserves the right to amend this Declaration unilaterally prior to the Transfer Date, without prior notice and without the consent of any Person, provided such amendment is not unequivocally contrary to the General Plan of Development.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

1. Membership. The owner of the fee simple title of record of each Unit shall be a mandatory member of the Homeowners Association and of the Property Owners Association.

2. Homeowners Association. Each Unit owner shall become a member of the Homeowners Association upon acceptance of the special warranty deed to his Unit. As a member of the Homeowners Association, the Owner shall be governed by the Articles of Incorporation and the By-Laws of the Homeowners Association; and shall be entitled to one (1) vote for each Unit owned. 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 Homeowners Association. Provided, however, the Developer shall retain the right to appoint a majority of the directors to the Board of Directors of the Homeowners Association until the Transfer Date.

3. Property Owners Association. Each Unit Owner shall become a member of the Property Owners Association upon acceptance of the special warranty deed to his Unit. As a member of the Property Owners Association, the owner shall be governed by the Articles of Incorporation and the By-Laws of the Property Owners Association; and shall be entitled to one (1) vote for each Unit owned. 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 Property Owners Association. Provided, however, the Developer shall retain the right to appoint a majority of the directors to the Board of Directors of the Property Owners Association until the Transfer Date.

ARTICLE V

USE OF PROPERTY

1. Single Family Residence. The Units shall be used solely as single family residences. Nothing herein shall be deemed to prevent an Owner from leasing an Unit to a single family, subject to the terms, conditions, and covenants contained in this Declaration.

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. 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.

A. 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.

B. 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 accomplish the General Plan of Development, including the construction and operation of a sales model and office by the Developer until all of the Units have been sold.

C. 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 development as a whole. No 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.

D. 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 recreational equipment, and other similar items of personal property shall be obscured from view of adjoining streets, Units or Common Areas:

E. Vehicles. No motorcycle, all-terrain vehicle (including passenger cars with four-wheel drive, i.e. Jeeps, Broncos, and similar vehicles), truck, trailer, boat, van, camper, motorhome, bus, 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. In the event that there is a dispute concerning the type of vehicle, then the State of Florida vehicle registration shall control. 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 attorneys' fees, if any, to be borne by the vehicle owner or violator.

F. 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, atvs, 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.

G. 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 in 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 a bull terrier (pit bull) or 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 an 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.

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. 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.

J. Energy Conservation Equipment. 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.

K. 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.

L. 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.

M. 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.

N. Lighting. Except for seasonal Christmas 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. Irrigation. Except for sprinkler or irrigation systems installed by the Developer, 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 within the Properties unless prior written approval from the ACC has been obtained.

Q. 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 rechannel 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.

R. 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.

S. 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.

T. Lakes and Water Bodies. All lakes, ponds, and streams within the Properties shall be aesthetic amenities only, and no other use thereof, including, without limitation, fishing, boating, swimming, playing, or use of personal flotation devices, shall be permitted. 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, ponds, or streams within the Properties.

U. Recreational Facilities. All recreational facilities and playgrounds furnished by the Property Owners Association or erected within the Properties, if any, shall be used at the risk of the user, and neither the Association nor the POA shall be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

V. Rules and Regulations. The Unit Owners shall abide by each and every rule and regulation promulgated from time to time by the Board and by the Property Owners Association. The Board shall give an owner in violation of the Rules and Regulations of the Association, 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 VI

COMMON AREAS

1. 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 assessments 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.

2. Annexation of Additional Property. The Association shall have the power and authority to acquire and annex to the Common Areas other interests in real and personal property as it may deem beneficial to the Members. Any property acquired pursuant to this section shall be annexed to the Common Areas by means of an instrument in writing recorded in the public records of the County.

3. Rules and Regulations Governing Use of Common Areas. The Board shall promulgate rules and regulations governing the use of the Common Areas. Such rules and regulations, and all provisions, restrictions, and covenants as now or hereinafter provided, including, without limitation, all architectural and use restrictions contained in this Declaration, may be enforced by legal or equitable action as provided in this Declaration.

4. Traffic Regulation. The Board of the Property Owners Association shall have the right to post motor vehicle speed limits throughout the Common Areas, and to promulgate other traffic regulations. The Board may also promulgate rules and 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 shall be collected as an individual assessment from the Owner who violates the traffic regulations, or from 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.

5. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and every other right or privilege reasonably to be

implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE VII

EASEMENTS

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 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 General Plan of Development for the purpose of performing the maintenance and repair requirements of the Association as described in this Declaration.

2. Easements for Utilities. The Developer hereby also grants a perpetual non-exclusive easement to all utility or service companies servicing the Property upon, over, across, through, and under the Common Areas and such other portions of the Property or Lots 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, gas, telephone, electricity, television cable or communication lines and systems. It shall be expressly permissible for the Developer or 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, 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.

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 an Unit, or in the event that any Unit now or hereafter encroaches upon the Common Area, as a result of minor inaccuracies in survey, construction, reconstruction, or due to settlement or movement or otherwise. 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.

ARTICLE VIII

MAINTENANCE

1. Association's Responsibility.

A. Common Areas. 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 plantings and sodding of Common Area road rights-of-way; all perimeter plantings and sod; right-of-way, perimeter, and other Association irrigation facilities and pumps; perimeter walls; bridges; lakes; water features; drainage easements and other easements; road and identification signage; Common Area security facilities and equipment (if any); drainage facilities and water control structures; water and lake treatment facilities; Association parking facilities; sidewalks; sod, landscaping and other flora located on the Common Areas; and other structures and improvements situated upon the Common Area.

B. Cost. The cost to the Association of maintaining the Common Areas shall be assessed equally among the Unit Owners, as part of the Association Expenses pursuant to the provisions of this Declaration.

C. Front Yards and Public Property. The Association may maintain property which it does not own, including, without limitation, the front yards (street side) of the Units and property dedicated to the public, if the Board determines that such public property maintenance is necessary or desirable to maintain the Community-Wide Standard.

2. Owner's Responsibility. Each Owner shall maintain his or her own Unit and structures, parking areas, and other improvements comprising the Unit in a manner consistent with the Community-Wide Standard, and all applicable covenants.

A. Maintenance of Exterior of Home. Each owner shall maintain the exterior of his Unit, including the walls (excluding the "Lot Perimeter Wall" as defined herein) and fences in good condition and repair and in like condition, appearance and quality as originally constructed. 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 approximately three (3) feet from the lot line or boundary. Notwithstanding the foregoing, the Association shall be responsible for the normal and routine painting of the exterior walls of such single family home. The Board shall determine the need for such painting from time to time. All costs reasonably related to said painting by the Association shall be borne by the Association as an Association Expense.

B. Maintenance of Rear Yard. Each Owner shall maintain his own lawn, landscaping, and the sprinkler system located in the rear yard of his Lot, which shall include all portions of the Lot behind an imaginary line extending from the front exterior wall of the breakfast nook to the wall of the Unit or lot perimeter wall closest to the breakfast nook. The Association shall maintain the lawn, landscaping, and the sprinkler system located in the front yard (street side) of each Lot, the Common Areas, and the drainage and other easements shown on the General Plan of Development.

C. 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.

D. 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 Owner'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.

E. 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 Unit 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; 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 failure to maintain prior to entry.

ARTICLE IX

ASSESSMENTS

1. Creation of Assessments. There are hereby created assessments for Association 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) Assessments to fund

Association Expenses for the benefit of all Members of the Association; and (b) Special Assessments as described in paragraph 3 below.

A. Equal Assessments. Assessments shall be levied equally on all Units. Special Assessments shall be levied as provided in paragraph 3 below. Each Owner, by acceptance of his or her deed is deemed to covenant and agree to pay these assessments.

B. Certificate of Payment. 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. The Association may require the advance payment of a nominal processing fee for the issuance of such certificate.

C. Quarterly Payments. 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 Assessment for delinquent Members. Unless the Board otherwise provides, the Assessments shall be payable not less frequently than quarter-annually in advance on the first day of January, April, July, and October.

D. No Waiver. 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 of abatement of assessment or set-off 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 County or other governmental authority.

E. Developer Obligation. 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 during the fiscal year. 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.

F. Subsidy Contracts. 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.

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 Association 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. 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 shall include, without limitation, the following listed line items:

A. Taxes. All taxes levied or assessed upon the Common Areas, if any, 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.

B. Utility Charges. 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, gas, electricity, telephone, sewer and any other type of utility or service charge.

C. Insurance. 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.

D. Insurance Trustee. All expenses necessary to retain and continue to retain a lending institution in the County, having a trust department to act as "Insurance Trustee". 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.

E. Maintenance, repair and replacement. All expenses necessary to meet the Association's responsibility to maintain the Common Areas in accordance with the requirements of this Declaration.

F. Property Owners Association. Certain recreational facilities have been constructed by the Developer for the joint use and benefit of the Unit Owners and for the use and benefit of the patio home owners located in a planned unit development known as Sun Terrace at Lake Catherine. These recreational facilities shall be owned, operated, and maintained by the Property Owners Association. All Unit Owners, as well as all patio home owners shall be assessed and shall pay on an equal basis the expenses of the Property Owners Association. The POA assessments shall be paid by the Unit Owners to the Association, which shall thereafter remit such assessments to the Property Owners Association.

G. Optional expenses. 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 Unit. 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.

H. Indemnification. 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 the specific enforcement of the provisions, conditions, covenants and

restrictions, contained in this 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.

I. Reserve funds. The costs to establish an adequate 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. The Association shall be responsible for maintaining the capital contribution in a separate reserve account and to use such funds only for capital costs and expenses as aforesaid.

3. Special Assessments.

A. Consent of Members. In addition to the assessments authorized in paragraph 1 of this Article, the Association may levy a Special Assessment or Special Assessments; provided, such assessment shall have the affirmative vote or written consent of at least fifty-one (51%) percent of the Members of the Association. 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. Repairs. 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 an Association 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. Reimbursements. 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.

4. Date of Commencement of Annual Assessments. The annual 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 annual assessment shall be adjusted according to the number of days remaining in the fiscal year at the time assessments commence on a Unit.

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 Association 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 Association Expenses or assessments shall be deemed to be Association Expenses collectible from Owners of all the Units, including such acquirer, its successors and assigns.

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

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

ARTICLE X

ESTABLISHMENT AND ENFORCEMENT OF LIENS

1. Lien for Assessments. All assessments, 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, costs, 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, costs, 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.

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.

3. 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. Late Charge. To impose a late charge not in excess of \$25.00.

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

C. Attorneys Fees and Costs. 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.

D. Action in Equity. 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.

E. Action at Law. 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.

4. 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 XI

INSURANCE

1. Casualty. The Association shall maintain a master policy or policies to insure all Association property, if any, against casualty loss. This coverage shall insure 100% of the current replacement cost of the Common Area improvements, personal property, and supplies. It 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.

A. Policy Exclusion. The coverages will EXCLUDE the following:

(i) Land, foundations, excavations or other items that are usually excluded from insurance coverage; and

(ii) Any increase in the value of Association property as a result of special improvements or alterations.

B. Policy Inclusions. The coverage will INCLUDE 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 "all risk" endorsement;

(iii) Agreed Amount and Inflation Guard Endorsement, when it can be obtained;

(iv) Demolition Cost Endorsements, Contingent Liability from Operation of Building Laws Endorsement, and Increased Cost of Construction Endorsement;

(v) Steam Boiler Endorsement, if applicable, providing at least \$50,000.00 coverage for each accident at each location;

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

(i) Subrogation against the Association and against the Unit 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 Unit 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 the Association has other insurance that covers the same loss; and

(iii) The named insured shall be the Association. The "loss payable" clause should show said Association or the designated insurance trustee.

2. Reconstruction and Repair after Casualty.

A. Determination. Under ordinary circumstances Association property which is damaged by casualty shall be reconstructed and repaired. If a dispute arises as to whether the Association property should be repaired or reconstructed, the Board shall make the determination to repair or reconstruct. All Owners shall be bound by this determination.

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 Community-Wide Standard is maintained by requiring damaged Association property 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, or if none, then according to plans and specifications approved by the Board. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair for which the Association is responsible, or if at any time during that 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 Unit Owners in sufficient amounts to provide funds for the payment of those costs.

3. Public Liability Coverage. The Association shall obtain comprehensive general liability coverage insuring the Association against any and all claims and demands made by any person or persons for injuries received in connection with the operation and maintenance of the Common Areas and improvements located thereon, or for any other risk insured against by such policies which the Association, in its sole discretion, determines to insure against. Each policy purchased by the Association shall have limits of not less than \$1,000,000.00 covering all claims for personal injury and property damage arising out of a single occurrence. The liability coverage shall include protection against liability for non-owned and hired automobiles, and liability for hazards related to usage. In addition, the coverage shall include protection against liability that results from actions related to employment contracts in which the Association is a party. All such policies will name the Association (and the Developer until the Transfer Date), as their respective interests may appear, as insured parties under such policy or policies. The original of each policy shall be held by the Board or in the office of the Insurance Trustee.

4. Fidelity Bond Coverage. The Association shall obtain Fidelity Bonds (or insurance) 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 Fidelity 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 thirty (30) days prior written notice of the servicer or the insured.

5. Flood Insurance. If any Association property is in a special flood hazard area, 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 improvements or buildings and other insurable common property, or the maximum coverage available for such improvements, buildings, or property under the National Flood Insurance Program.

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

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

8. Premiums. Premiums on policies purchased by the Association shall be paid as an Association Expense. The Association will furnish evidence of premium payment to each mortgagee upon request.

9. Insurance Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association 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.

10. 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.

11. 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.

12. Association as Agent. The Association is irrevocably appointed agent to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

ARTICLE XII

ARCHITECTURAL CONTROL

1. Architectural Control Committee. The Architectural Control Committee (hereinafter referred to as "ACC") shall consist of three (3) or more persons appointed by the Board. 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.

2. Community-Wide Standard. The ACC shall regulate the external appearance, use, and maintenance of the General Plan of Development and of improvements thereon 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, or any successor Developer, 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.

3. General Provisions.

A. Address of ACC. 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. Construction Time Limitations. The ACC shall establish time limitations for the completion of any architectural improvements for which approval is required.

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

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 adopted procedures, if any, approval will be deemed granted.

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 Directors. 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.

6. Conditions.

A. Definitions. 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. Approval by ACC. 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, location, 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. Additional Plantings. 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. Laundry. 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. Antennae. 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.

F. Typical Completion Deadline. 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. Debris Deposit. 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.

7. Variances. 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 XIII

DEVELOPER'S RIGHTS

1. Developer's Transfer Right. 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 in Exhibit "A".

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.

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.

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 Transfer Date.

ARTICLE XIV

MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders of first Mortgages on Units in the Properties.

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. Condemnation Loss. 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. Delinquent Assessments. 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. Insurance Lapse. Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

D. Actions Requiring Consent. Any proposed action which would require the consent of a specified percentage of eligible holders of first mortgages.

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 two-thirds (2/3) of the first Mortgagees or Members representing at least two-thirds (2/3) of the total Association vote entitled to be cast thereon consent, the Association shall not:

A. Common Areas. 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. Assessments. Change the method of determining the obligations, assessments, or other charges which may be levied against an Unit.

C. Architectural Regulations. 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. Insurance Lapse. Fail to maintain insurance, as required by this Declaration.

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

First 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 first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

3. No Priority. No provision of the Homeowners Documents gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Areas.

4. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

5. Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

6. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

7. Financial Statements. Any holder of a first mortgage shall be entitled, upon written request after reasonable notice, to a financial statement of the Association for the immediately preceding fiscal year.

ARTICLE XV

ENFORCEMENT OF DECLARATION

The enforcement of this Declaration may be by proceeding at law for damages or in equity to compel compliance with its terms or to prevent violation or breach of any of the covenants or terms herein. The Developer, the Association, or any Unit Owner may, but shall not be required to, seek enforcement of the Declaration. Any Unit Owner who seeks enforcement of this Declaration shall by his actions be deemed to have indemnified the Developer and the Association from all liabilities resulting from his actions. Should the party seeking enforcement be the prevailing party in any action, then the person against whom enforcement has been sought shall pay all costs and reasonable attorneys' fees at all trial and appellate levels to the prevailing party.

ARTICLE XVI

AMENDMENTS

1. Amendment Date. Until the closing of the first conveyance of an Unit by Developer to an owner, other than Developer, (Amendment Date); any amendment may be made by Developer with consent of any mortgagee who has advanced funds for construction or who is under contract to advance construction funds, if any.

2. Consent of Mortgagee. With the exception of Subsequent Amendments, which may be made at any time; after the Amendment Date, this Declaration may be amended only by consent of fifty-one percent (51%) of all Unit owners together with the consent of the institutional mortgagee with the highest aggregate mortgage indebtedness on the Units. The aforementioned consent shall be in writing and affixed to the Amendment to this Declaration.

3. Limitation on Amendments. No amendment to the Article entitled "Assessments" or the Article entitled "Enforcement and Establishment of Liens", and no other amendment shall be effective which shall, in a material fashion impair or prejudice the rights or priorities of any owner, the Developer, or any institutional mortgagee under this Declaration without the specific written approval of the owner, the Developer or

institutional mortgagee affected thereby. In addition, any amendment which would affect the surface water management system, including the water management portions of the Common Areas, must have the prior approval of the South Florida Water Management District.

4. Scrivener's Errors. Prior to the transfer date, the Developer may amend this Declaration in order to correct a scrivener's error or other defect or omission without the consent of the owners or the Board; provided that such amendment is reasonable and does not adversely affect in a material manner an owner's property rights. This amendment shall be signed by the Developer alone and a copy of the amendment shall be furnished to each owner, the Association and all institutional mortgagees as soon after recording thereof amongst the public records of the County, as is practicable.

5. Effective Date of Amendments. An amendment to the Declaration shall become effective upon the recordation amongst the public records of the County.

ARTICLE XVII

CONVEYANCES

In order to assure a community of congenial residents and thus protect the value of the Units in Bedford at Lake Catherine, the sale or lease of Units shall be subject to the following provisions:

1. Notice to Association. The Unit Owner shall notify the Association in writing of his or her intention to sell or lease his or her Unit and furnish with such notification a copy of the contract for purchase and sale or a copy of the lease, whichever is applicable. Except as provided below, it is not the intention of this Article to grant to the Association a right of approval or disapproval of purchasers or lessees. It is, however, the intent of this paragraph to impose an affirmative duty on the Unit Owners to keep the Association fully advised of any changes in occupancy or ownership for the purposes of facilitating the management of the Association's membership records. As this Article is a portion of the Declaration which runs with the land, any transaction which is conducted without compliance with this Article may be voidable by the Association.

2. Lease Agreement Terms. Any and all lease agreements between an Owner and a lessee of such Owner shall be in writing, shall provide for a term of not less than twelve (12) months, and must provide that the lessee shall be subject in all respects to the terms and provisions of this Declaration and that any failure by the lessee under such lease agreement to comply with such terms and conditions shall be a material default and

breach of the lease agreement. The lease agreement shall also state the party who will be responsible for the assessments as stated above, and it shall be the obligation of all Unit Owners to supply the Board with a copy of said written agreement prior to the lessee occupying the premises. Unless provided to the contrary in a lease agreement, an Unit Owner, by leasing his Unit, automatically delegates his right of use and enjoyment of the Common Areas and facilities to his lessee; and in so doing, said Owner relinquishes said rights during the term of the lease agreement.

3. Association Approval. Upon receipt of a copy of the contract for purchase and sale or a copy of the lease, the Association shall within ten (10) business days, issue a Certificate indicating the Association's approval of the transaction. In the event of a sale it shall then be the responsibility of the purchaser to furnish the Association with a recorded copy of the deed of conveyance indicating the owner's mailing address for all future assessments and other correspondence from the Association. Provided, however, prior to the issuance by the Association of a Certificate indicating the Association's approval of the transaction, the purchaser or lessee shall be required to agree to comply with the the Rules and Regulations of the Association.

4. Delinquent Unit Owners. Notwithstanding the provisions above, in the event that an Unit Owner is delinquent in paying any assessment, or the Owner or his buyer, family, guests, agents, licensees or invitees are not in compliance with any provisions of the Homeowners Documents, the Association has the right to disapprove of any sale; and in the case of a lease, the right to disapprove of and to void any lease at any time prior to or during the leasehold tenancy until any delinquent assessment is paid and/or until any violation of the Homeowners Documents is corrected.

ARTICLE XVIII

TERMINATION

1. Consent to Termination. This Declaration may be terminated upon the affirmative written consent of eighty percent (80%) of all Unit Owners, and upon the affirmative written consent of all Institutional Mortgagees holding mortgages encumbering Units.

2. Termination Documents. If this Declaration is terminated in accordance herewith, it is hereby declared by the Developer, and each and every Owner of a Unit by acquiring title to his Unit covenants and agrees, that the termination documents shall require:

A. Use of Units. That all Units shall continue to be used solely as Single Family residences.

B. Common Areas. All Common Areas shall be owned and held in equal shares by the Unit Owners as tenants in common, and each Unit Owner shall remain obligated to pay his pro rata share of expenses to continually maintain the Common Areas.

3. Limitation on Termination. The Unit Owners and their grantees, successors, and assigns by acquiring title to a Unit covenant and agree that no termination of this Declaration shall be made for a period of twenty-five (25) years from the date of recordation of this Declaration. This Declaration and the terms, provisions, conditions, covenants, restrictions, reservations, regulations, burdens and liens contained herein shall run with and bind the subject property and inure to the benefit of Developer, the Association, the Owners, Institutional Mortgagees and their respective legal representatives, heirs, successors, and assigns for said period. After this period, the Declaration shall be automatically renewed and extended for successive periods of ten (10) years each unless at least one (1) year prior to the termination of such twenty-five (25) year term or any such ten (10) year extension there is recorded amongst the Public Records of the County, an instrument signed by at least eighty percent (80%) of all Institutional Mortgagees holding mortgages encumbering the Units agreeing to terminate this Declaration, upon which event this Declaration shall be terminated upon the expiration of twenty-five (25) years or the ten (10) year extension thereof during which the termination instrument is recorded.

4. Water Management System. If the Association is terminated, the property consisting of the surface water management system operated and maintained as part of the Common Areas shall be conveyed to an appropriate agency of local government, and if not accepted thereby, then it must be conveyed to a similar non-profit corporation.

ARTICLE XIX

MISCELLANEOUS

1. No Waiver. The failure of the Developer, the Association, or any Owner to object to an Owner's or another person's failure to comply with the Covenants and Restrictions contained herein shall in no event be deemed a waiver of any right to object to same and to seek compliance therewith in accordance with the provisions herein.

2. Headings. Article and paragraph captions inserted throughout this Declaration are intended only as a matter of convenience and for reference only and in no way shall such captions or headings define, limit or in any way affect any of the terms and provisions of this Declaration.

3. Pronouns. Whenever the context requires, any pronoun used herein may be deemed to mean the corresponding masculine, feminine or neuter form thereof, and the singular form of any nouns or pronouns herein may be deemed to mean the corresponding plural form thereof and vice versa.

4. Severability. In the event any one of the provisions of this Declaration shall be deemed invalid by a court of competent jurisdiction, said judicial determination shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

5. Partition. The Association may not convey, encumber, abandon, partition or subdivide any of the Common Areas without the approval of all Institutional Mortgagees.

6. Homeowners Documents. The Association is required to make available to Owners, to Institutional Mortgagees, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration, Articles of Incorporation, By-Laws, Rules and Regulations and other such documents governing the Association, as well as the books, records, and financial statements of the Association. "Available" shall be defined as obtainable for inspection, upon written request after reasonable notice, during normal business hours or under such other reasonable circumstances. Any holder of a first mortgage shall be entitled, upon written request after reasonable notice, to a financial statement of the Association for the immediately preceding fiscal year.

7. Street Lighting. The Common Area street lighting will be obtained by the Developer from Florida Power & Light Company. The Developer shall secure, by a letter of credit or other acceptable financial assurance, the street lighting for a period of not more than one (1) year after the Transfer Date. The Association shall be responsible and liable for any financial assurances required by Florida Power & Light Company at the expiration of said period.

8. Northern Palm Beach County Water Control District. Each Unit will be subject to the taxing authority of the Northern Palm Beach County Water Control District. The Property is located within the Water Control District's Master Unit of Development No. 28 for the development, operation and maintenance of a water resource system. Each Owner shall be bound by the Consent and Waiver in favor of the Water Control District executed by the Developer upon acquiring title the Property.

IN WITNESS WHEREOF, the Declaration of Covenants and Restrictions for Bedford at Lake Catherine has been signed by the Developer and the Association on the day and year first above set forth. The Developer and the Association have caused these presents to be executed in their names and their corporate seals to be hereunto affixed by their duly authorized officers.

DIVOSTA AND COMPANY, INC.

(Corporate Seal)

By: _____
Otto B. DiVosta, President

BEDFORD AT LAKE CATHERINE
HOMEOWNERS ASSOCIATION, INC.

(Corporate Seal)

By: _____
Charles H. Hathaway, President

STATE OF FLORIDA
COUNTY OF PALM BEACH

The foregoing instrument was acknowledged before me this _____ day of _____, 19__ by OTTO B. DIVOSTA, President of DIVOSTA AND COMPANY, INC., a Florida corporation, on behalf of the corporation.

Notary Public (SEAL)
My Commission expires:

STATE OF FLORIDA
COUNTY OF PALM BEACH

The foregoing instrument was acknowledged before me this _____ day of _____, 19__ by CHARLES H. HATHAWAY, President of BEDFORD AT LAKE CATHERINE HOMEOWNERS ASSOCIATION, INC., a Florida corporation, on behalf of the corporation.

Notary Public (SEAL)
My Commission expires: