

**DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS
FOR ARROWHEAD ESTATES**

*Together with the First Supplemental Declaration, Articles of Incorporation, and Bylaws of Arrowhead
Estates Homeowners Association, Inc.*

Lake County, Florida

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ARROWHEAD ESTATES

This Instrument Prepared by: Michael J. Sullivan, Esquire, Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A., 111 North Orange Avenue, Suite 2050, Orlando, FL 32801

Recorded in the Public Records of Lake County, Florida, Official Records Book 1481, Page 1431, dated November 19, 1996

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ARROWHEAD ESTATES is made this 19th day of November, 1996 by ARROWHEAD ASSOCIATES, LTD., a Florida limited partnership, whose address is 600 South Orlando Avenue, Suite 202, Maitland, Florida 32751.

RECITALS

A. Declarant owns certain property located in Lake County, Florida and described on Exhibit "A" attached hereto, which includes the property where the Surface Water and Stormwater Management System will be located (hereinafter the "Property").

B. Declarant intends to develop the Property as a residential community comprised of 157 building lots, streets, street lights and a Surface Water Management System for the benefit of the residents of the Community.

C. Declarant desires to preserve and enhance the values and quality of life in the Community, the health, safety and welfare of the residents thereof, and to provide for the maintenance of certain areas and improvements which benefit the Community, and, to these ends, desires to subject the Property to this Declaration.

D. Declarant has incorporated a non-profit corporation to which may be conveyed title to Common Property, and to which may be delegated the powers and duties to maintain and administer Common Property and Areas of Common Responsibility and the improvements from time to time located thereon, to administer and enforce this Declaration, and to collect and disburse the monies derived from common assessments hereafter levied.

DECLARATIONS

NOW, THEREFORE, Declarant declares that the Community is and shall be improved, held, transferred and occupied subject to this Declaration.

ARTICLE I — DEFINITIONS

Section 1. When used in this Declaration, the following words shall have the following meanings:

(a) "Additional Property" shall mean and refer to those lands (excluding the Property), together with any improvements thereon, which are made subject to this Declaration by annexation pursuant to Article II.

(b) "Area of Common Responsibility" shall mean and refer to lands and improvements located in or near the Community, not intended to be owned by the Association, but which are intended to be operated, maintained, insured or improved by the Association. Areas of Common Responsibility may be designated by this Declaration, any Supplemental Declaration, any contract entered into by the Association, or by a decision of the Board. Declarant hereby designates the following Areas of Common Responsibility: (i) maintenance and repair of the drainage improvements, signs, lighting

fixtures, electrical equipment, irrigation lines and equipment, and landscape materials and features from time to time located within the unpaved portions of the right-of-way of State Road 455 along the frontage of the Community, (ii) provision of and payment for street lighting in the Community (including fixture rental and electrical usage) unless and until a municipal service taxing unit or equivalent regime assumes responsibility to collect for and pay, or otherwise provide for, street lighting, and (iii) maintenance (excluding routine mowing and removal of trash and debris which shall be the responsibility of the respective Lot Owners within their Lots) and repair of drainage ditches, berms, swales and other drainage improvements comprising part of the Surface Water Management System for the Community and located within Common Property, platted easements, lakes, lakeshores and the unpaved portions of the dedicated rights-of-way in or adjacent to the Community.

(c) "Articles" shall mean and refer to the Articles of Incorporation of the Association.

(d) "Association" shall mean and refer to Arrowhead Estates Homeowners Association, Inc., a Florida corporation not for profit, and its successors and assigns.

(e) "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

(f) "Bylaws" shall mean and refer to the Bylaws of the Association.

(g) "Common Expense" shall mean and refer to the actual and estimated expense of operating the Association and meeting the costs to be incurred by the Association in performing its duties and in exercising its prerogatives, including without limitation the costs incurred for operation, maintenance, insurance and improvement of Common Property and Areas of Common Responsibility, and any reserves from time to time established by the Board.

(h) "Common Property" shall mean and refer to all real and personal property from time to time intended to be owned, operated and maintained by the Association and devoted to the use and enjoyment of all Members of the Association, all at Common Expense. Tracts "A", "B", "C" and "D" depicted on the plat of Arrowhead Phase 1 are hereby designated Common Property. As Common Property, Tracts "A", "B", "C", and "D", and all drainage areas and improvements located thereon from time to time shall be owned, operated and maintained by the Association, including without limitation, periodic mowing and trash removal.

(i) "Community" shall mean and refer to the Property together with any Additional Property hereafter annexed from time to time by Declarant pursuant to Article II, but only if, when, and to the extent any such Additional Property is so annexed.

(j) "Declarant" shall mean and refer to Arrowhead Associates, Ltd., a Florida limited partnership, and its successors and assigns. No successor or assignee of Declarant shall have any rights or obligations of Declarant hereunder unless such rights and obligations are specifically set forth in the instrument of succession or assignment, or unless such rights pass by operation of law.

(k) "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Arrowhead Estates.

(l) "District" shall mean and refer to the St. Johns Water Management District, an agency created pursuant to Chapter 373, Florida Statutes.

(m) "Dwelling" shall mean and refer to a single family residence located on a Lot.

(n) "Lot" shall mean and refer to each residential building site created by any recorded plat of the Community, whether or not said Lot has been improved with a Dwelling.

(o) "Member" shall mean and refer to each Member of the Association as provided in Article III, Section 2.

(p) "Owner" shall mean and refer to the record holder, whether one or more persons or entities, of fee simple title to each Lot in the Community, but, notwithstanding any applicable theory of the law of mortgages, Owner shall not mean or refer to any mortgagee unless and until such mortgagee has acquired title to a Lot pursuant to foreclosure proceeding or a conveyance in lieu of foreclosure. All owners of a single Lot shall be treated for all purposes as a single Owner, irrespective of whether such ownership is joint, in common or tenancy by the entirety.

(q) "Supplemental Declaration" shall mean and refer to any instrument which extends the scheme of this Declaration to Additional Property pursuant to Article II.

(r) "Surface Water or Stormwater Management System" shall mean and refer to the water system which is designed and constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, over-drainage, environmental degradation, and water pollution or otherwise affect the quantity and quality of discharges, as approved and permitted by the District.

ARTICLE II — PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Property Subject to This Declaration. The Property is and shall be improved, held, transferred and occupied subject to this Declaration.

Section 2. Additional Property. Declarant shall have the right but not the obligation to bring within the scheme of this Declaration, as Additional Property, additional land lying in the vicinity of the Property at any time within twenty (20) years from the date this Declaration is recorded, which annexation may be accomplished without the consent of the Association, the Owners, any mortgagee or other lien holder.

Section 3. Method of Annexation. Additions authorized under this Article II shall be made by recording a Supplemental Declaration extending the scheme of this Declaration to the Additional Property. The Supplemental Declaration shall describe the real property to be annexed and shall state that it is being made pursuant to the terms of this Declaration for the purpose of annexing property to this Declaration and extending the jurisdiction of the Association to the Additional Property. The Supplemental Declaration may contain such terms and provisions not inconsistent with this Declaration as may be desirable to reflect the different character, if any, of the real property being annexed or the various housing or community style characteristics and development approaches being implemented. Upon the recordation of any Supplemental Declaration, the Owners shall also have a right and non-exclusive easement of use and enjoyment in and to the Common Property, if any, within the Additional Property and an obligation to contribute to the cost of operating, maintaining and insuring the additional Common Property and any additional Areas of Common Responsibility. Any Supplemental Declaration recorded in accordance with the terms hereof shall be conclusive in favor of all persons who rely thereon in good faith. From and after recordation of any Supplemental Declaration, the Additional Property described therein shall be subject to the provisions of this Declaration and to the jurisdiction of the Association.

ARTICLE III — THE ASSOCIATION

Section 1. The Association. The Association is a nonprofit corporation charged with the duties and vested with the powers prescribed by law or set forth in the Articles, the Bylaws and this Declaration. Neither the Articles nor the Bylaws shall be amended or interpreted so as to be inconsistent with this Declaration. In the event of any such inconsistency, the provisions of this Declaration shall prevail. Officers and directors of the Association need not be Members of the Association. The Board, and such officers as the Board may appoint, shall conduct the affairs of the Association.

Section 2. Membership. Each Owner (including Declarant) shall be a Member of the Association. The Association membership of each Owner shall be appurtenant to and inseparable from the Lot giving rise to such membership, and any transfer of title to a Lot shall operate automatically to transfer to the new Owner the membership in the Association appurtenant to that Lot.

Section 3. Voting Rights. The Association shall have three (3) classes of voting membership:

(a) Class A. The Class A Members shall be all Owners of Lots that have been conveyed to such Owners by a builder or developer of residential property. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

(b) Class B. The Class B Members shall be all Owners of Lots, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

(c) Class C. The Class C Member shall be the Declarant, or its specifically designated (in writing) successor, and shall be entitled to three (3) votes for each Lot owned. The Class C membership shall cease and be converted to Class B membership on the happening of the earlier of the following events: (i) January 1, 2004; (ii) upon voluntary conversion to Class A membership by the Declarant; (iii) when seventy-five percent (75%) of the maximum number of Lots allowed for the Property have been conveyed to Owners and have certificates of occupancy thereon; or (iv) three months after ninety percent (90%) of the maximum number of Lots allowed for the Property have been conveyed to Owners.

After conversion of its membership to Class B, the Declarant shall have voting rights consistent with the rights of Class B Members, provided however, for so long as the Declarant holds for sale in the ordinary course at least 5% of the Lots in the Property, Declarant shall be entitled to elect at least one (1) member of the Board.

Section 4. Multiple Owners. Each vote in the Association must be cast as a single vote, and fractional votes shall not be allowed. If joint or multiple Owners are unable to agree among themselves as to how their vote is to be cast, or if more than one (1) vote is cast for any Lot, the vote for that Lot shall not be counted. If any Owner casts a vote on behalf of a Lot, it shall not be conclusively presumed that that Owner was acting with the authority and consent of all other Owners of that Lot.

Section 5. Duties, Powers and Authority of the Association. The Association shall have all the powers of a non-profit corporation organized under the laws of Florida, subject only to such limitations as are set forth in the Articles, the Bylaws, or this Declaration. The Association shall have the power to do all lawful things which may be authorized, assigned, required or permitted to be done by this Declaration, the Articles, or the Bylaws, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the duties or powers of the Association for the benefit of the Owners and for the maintenance, administration and improvement of the Community.

ARTICLE IV — PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Easements. The Association and each Owner (including Declarant) shall have a non-exclusive right, privilege and easement of use and enjoyment in and to the Common Property and such rights shall be appurtenant to and shall pass with the title to every Lot. Said rights shall include, but not be limited to, the following:

(a) Right-of-way for ingress and egress by vehicles and on foot through and across any streets, roads or walks in the Common Property for all lawful purposes; and

(b) Rights and easements to drain across the surface water drainage detention, retention and conveyance structures and areas, and to connect with, maintain and make use of utilities lines and facilities, to the extent such structures, areas, lines or facilities may exist in or along the platted streets, easements or the Common Property, and

(c) Rights to use and enjoy the Common Property for any purpose not inconsistent with this Declaration, the Articles, the Bylaws, the rules and regulations of the Association, or applicable governmental regulations.

Section 2. Title to Common Property. Except for dedications to the District or Lake County, as may be necessary to comply with District requirements or Lake County regulations, and other grants under Section 3(b) below, Declarant shall convey to the Association fee simple title in and to the Common Property free and clear of all encumbrances. The Common Property may not be mortgaged or further conveyed without the consent of at least a majority of the Owners.

Section 3. Extent of Easements. The rights and easements created in this Article IV shall be governed by the following:

(a) Subject to any conflicting rights of Declarant and the Owners set forth in this Declaration, the Association shall be responsible for the exclusive management, control and maintenance of the Common Property.

(b) Declarant, until conveyance of title to the Association, and the Association thereafter, may reserve to itself or to grant or dedicate to Declarant, any Owner, any governmental agencies and/or to any utility companies, easements and rights-of-way, in, through, under, over and across the Common Property for the installation, use, maintenance and inspection of lines and appurtenances for public or private utilities, storm water drainage improvements and areas, and for completion of the development. No improvement or material may be placed upon any such easement as may damage or interfere with the installation or maintenance of utilities or that may alter or impede the direction or flow of drainage or the maintenance of the easement area.

(c) Declarant's rights reserved in this Declaration.

(d) Matters shown on any plat of the Community.

Section 4. Easements Reserved to Declarant Over Common Property. Declarant, for itself and for and on behalf of the Association, hereby reserves such licenses, rights, privileges and easements in, through, over, upon and under all Common Property, including but not limited to, (1) the right to use Common Property for rights-of-way and easements to erect, install, maintain, inspect and use electric, lighting and telephone poles, fixtures, wires, cables, conduits, sewers, water mains, pipes and equipment, telephone and telecommunications lines and equipment, and electrical equipment, gas, cable television, drainage facilities, ponds, ditches or lines, or other utilities or services and for any other materials, equipment and services necessary or convenient for the completion, marketing, and use and enjoyment of the Community, (2) the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, convenience, safety and appearance, (3) the right to locate thereon wells, pumping stations and irrigation systems and lines, (4) the right and easement of ingress and egress for purposes of development, construction and marketing, and (5) such other rights as may be reasonably necessary to complete in an orderly and economic manner the development of all present and future phases of the Community; provided, however, that said reservation and right shall not be considered an obligation of Declarant to provide or maintain any such easement, utility, equipment or service. Declarant also reserves

the right to connect with and make use of the utility lines and drainage improvements which may from time to time be in or along the streets and roads, or within the Common Property or easement areas. The easements and rights-of-way herein reserved shall continue in existence in favor of Declarant after conveyance of Common Property to the Association until such time as Declarant has sold all Lots in the Community.

Section 5. Delegation of Rights. Any Owner (including Declarant) may grant the benefit of any easement, license, right or privilege to tenants and guests for the duration of their tenancies or visits, but the same are not intended nor shall they be construed as creating any rights in or for the benefit of the general public.

ARTICLE V — INSURANCE AND CASUALTY LOSSES

The Board may obtain fidelity bond coverage in its discretion. In addition, the Board may obtain insurance for insurable improvements on the Common Property or Areas of Common Responsibility, public liability policies covering the Association and Members for damage or injury caused by the negligence of the Association or any of its Members, guests or agents, directors' and officers' liability insurance, and any other types of insurance coverages as the Board may deem appropriate, with such insureds, deductibles provisions and coverage types and amounts as shall be determined by the Board. Premiums for insurance so obtained shall be Common Expense. The Association may elect to self-insure against any risk.

ARTICLE VI — COVENANT FOR ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation; Effect of Nonpayment.

(a) Covenant. Declarant for each Lot owned by it in the Community, and each Owner other than Declarant by acceptance of title to any Lot, whether or not it shall be so expressed in any deed or other conveyance, shall be deemed to and hereby does covenant and agree to pay to the Association: (1) an initial assessment, (2) annual assessments or charges, (3) special assessments, and (4) individual assessments. Said assessments shall be fixed, established and assessed to the Owners as hereinafter provided. The assessments, together with interest thereon, late charges and costs of collection, including without limitation court costs and reasonable attorneys' and paralegals' fees (including such fees and costs before trial, at trial and on appeal), shall be a charge and a continuing lien upon the Lot against which such assessment is made, together with any Dwelling located on said Lot, from and after the date on which such assessment is due. Each such assessment, together with the aforementioned interest, late charges, costs and fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time the assessment fell due.

Delinquent assessments shall bear interest at the highest lawful rate in Florida, or at such lesser rate as may be determined by the Board and uniformly applied, and such late charges as shall be imposed by the Board at its discretion, and the cost of collection thereof, shall be secured by a continuing lien on the Lot as to which the assessment accrued, and upon the Dwelling located on that Lot. Such lien shall be prior to all other liens hereinafter created except taxes or assessments levied by governmental authority, and except as to the lien of any mortgage. The lien shall be prior to and superior in dignity to homestead status. Such lien shall bind such Lot and any Dwelling located thereon in the hands of the then Owner and each subsequent Owner. The personal obligation of the Owner to pay such assessment, however, shall remain that Owner's personal obligation for the statutory period and personal liability shall not pass to the successors in title unless expressly assumed by them.

If the delinquent assessment or installment thereon, together with interest and late charges is not paid within thirty (30) days after the due date, the Association may bring an action for collection against the Owner personally obligated to pay the same and/or to foreclose the lien against the Lot and any Dwelling located

thereon by judicial foreclosure in the same manner as foreclosure of a mortgage, and there shall be added to the amount of such assessment the aforesaid interest, late charges, costs of collection and attorneys' and paralegals' fees, as aforesaid, and the said costs of collection shall be recoverable whether or not suit be brought. The Owner shall also be required to pay the Association any assessments against the Lot which become due during the period of foreclosure. The Association shall have the right and power to bid at the foreclosure sale and to own, sell, lease, encumber, use and otherwise deal with the Lot and any Dwelling located thereon as owner thereof.

(b) Exempt Property. The following property shall be exempt from the assessments, charges and liens created herein: 1. Common Property; 2. Lands owned by Declarant which have not been annexed to the Community by this Declaration or a Supplemental Declaration; 3. Lands which have been dedicated to Lake County or other governmental authority, any utility company or the public; and 4. Lots owned by Declarant so long as Declarant pays the Common Expense actually incurred over and above the income derived from annual, special and individual assessments collectible from Class A Members pursuant to Section 8, below.

No other land or improvements in the Community shall be exempt from these assessments, charges or liens. No Owner may avoid assessment obligations by virtue of non-use or abandonment of the Common Property.

Section 2. Purpose of Assessments. The assessments levied by the Association may be used for the purpose of promoting the recreation, health, safety, and welfare of the Community and the Owners, for the performance by the Association of its duties and for the exercise of the powers conferred upon it, for the improvement and maintenance of the Common Property and Areas of Common Responsibility, and for any other purpose deemed desirable or appropriate by the Board, including without limitation any one or more of the following:

(a) Payment of Association operating expenses;

(b) Lighting, irrigation, maintenance, improvement and beautification of streets and easement areas, and acquisition, maintenance, repair and replacement of community identification signs and traffic control devices, and control and regulation of traffic in the community;

(c) To pay, contest or compromise real and personal property taxes and assessments separately levied upon or assessed against the Association or the Common Property;

(d) Management, maintenance, repair, replacement, improvement and beautification of the Common Property, Areas of Common Responsibility, and Surface Water or Stormwater Management System, including without limitation, work within the retention areas, drainage structures and drainage easements;

(e) Repayment of deficits previously incurred by the Association, if any, in maintaining or making capital improvements to the Common Property or Areas of Common Responsibility, or in furnishing services to the Members of the Association;

(f) Funding of appropriate reserves for future Common Expense;

(g) Procurement and maintenance of insurance, and employment of accountants, attorneys and other professionals to represent or advise the Association; and

(h) Doing anything necessary or desirable in the judgment of the Board to keep the Community, Common Property and Areas of Common Responsibility neat and attractive, to preserve or enhance the value thereof, to eliminate fire, health or safety hazards, or otherwise to benefit the Owners.

The Declarant shall endeavor to cause all Assessments, with the exception of the Initial Assessment, to be included within each Lot Owner's Ad Valorem Real Property Tax bill issued by the Lake County Tax Collector, or as otherwise required by Florida law for the collection of non-ad valorem assessments by a municipal service taxing or benefit unit, as defined in Chapter 125, Florida Statutes.

Section 3. Determination of Annual Assessments.

(a) Operating Budget. At least thirty (30) days prior to the end of the Association's fiscal year, the Board shall prepare a budget of the estimated costs of operating the Association during the coming year, including but not limited to operational items such as overhead and indirect costs, insurance, utilities, taxes, professional fees, repairs, reserves, maintenance and other operating expenses, as well as charges to cover any deficits from prior years, and capital improvement budget items approved by the Board under Subsection (b), below.

(b) Capital Budget. Each year, the Board shall prepare a capital budget taking into account the number, type, life expectancy and expected replacement cost of replaceable assets. The Board shall then set the required annual capital contribution in an amount sufficient to meet the projected capital needs of the Association on a timely basis. The annual capital contribution fixed by the Board shall then be included in the annual operating budget and annual assessments described in Subsection (a), above.

(c) Adoption of Operating Budget. The Board shall mail to each Member a copy of the capital budget, operating budget and projected annual assessments to be levied for the next fiscal year at least thirty (30) days prior to the end of the Association's current fiscal year. The operating budget and annual assessments shall become effective unless and until disapproved at a special meeting of the Members held not later than sixty (60) days after the proposed budget and assessments are mailed to the Members. To be effective, the disapproval must be by a vote of two-thirds (2/3) of the membership of the Association. In the event that the membership so disapproves the operating budget for the succeeding year, or in the event the Board shall fail to propose a budget, then and until such time as a new budget shall have been determined, the budget and annual assessments for the preceding year shall continue in effect.

(d) Allocation of Annual Assessments Among Lots. The operating budget of the Association shall be assessed equally against all Owners and Lots in the Community such that each Owner's proportional share of expenses shall equal a fraction the numerator of which is the number of Lots owned by the Owner and the denominator of which shall equal the total number of Lots included within the Property.

(e) Annual assessments shall not increase by more than 5% per year for so long as Declarant remains a Class C member.

Section 4. Other Assessments.

(a) Special Assessments. In addition to the annual assessments levied pursuant to Section 3, the Board may levy at any time a special assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, or repair or replacement of the Common Property or any Area of Common Responsibility, for the purpose of covering any budget deficits of the Association, or for any other purpose deemed desirable or appropriate by the Board; provided, however, that any such special assessment shall have the approval of a majority of the votes of the Members of each class who are in attendance and voting in person or by proxy at a meeting duly called for said purpose.

(b) Individual Assessment. The Board may levy an individual assessment against any Owner and that Owner's Lot and any Dwelling located thereon in order to cover costs incurred by the Association due to that Owner's failure to maintain its Lot or the Dwelling located thereon pursuant to the standards set forth in this Declaration, or to reimburse the Association for loss or damage to any Common Property

or Area of Common Responsibility caused by that Owner or his lessee, agent, contractor, guest or occupant, and not covered by insurance, or for any other purpose permitted by this Declaration.

Section 5. Commencement of Annual Assessments; Initial Annual Assessment; Due Dates.

(a) The Initial Assessment shall equal One Hundred Twenty Dollars (\$120.00) per Lot and shall be paid at the time of closing on the purchase of the Lot. The Declarant or the Association may use any part or all of the Initial Assessment for the purposes set forth in Article VI.

(b) Annual assessments on the Lots in the Property shall commence upon the closing of the sale by Declarant of the first Lot to the first purchaser from Declarant. The annual assessment for each Additional Property shall commence upon the closing of the sale by Declarant of the first Lot to the first purchaser from Declarant in that Additional Property. The annual assessment for the Property for the first calendar year in which this Declaration is recorded shall be not greater than One Hundred Twenty Dollars (\$120.00) per Lot. As to the Lots in each Additional Property, the initial annual assessment shall be set forth in the relevant Supplemental Declaration. At the closing of the sale of each Lot in the Community by Declarant to the first purchaser from Declarant, the purchaser shall pay to the Association the entire annual assessment for the calendar year of closing, prorated on a per diem basis from date of closing through the end of that calendar year. Thereafter, annual assessments shall be due, in advance, on or before the commencement of the Association fiscal year for which imposed; but the Board may elect to collect annual assessments in monthly, quarterly or semi-annual installments. In the event of such deferred payments, the Board may but shall not be required to charge a uniform, lawful rate of interest on the unpaid balance. The Board may accelerate the balance of any annual assessment upon default in the payment of any installment thereon.

Section 6. Certificate of Payment. Upon request, the Association shall furnish to any Owner liable for assessment a certificate setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence in favor of third parties relying thereon of the payment of any assessment therein stated to have been paid.

Section 7. Subordination of the Lien to Mortgages. The lien of assessments provided for herein shall be subordinate to the lien of any mortgage. Any mortgagee which obtains title to a Lot by foreclosure of a mortgage, or by voluntary conveyance in lieu of such foreclosure, shall not be liable for the assessments pertaining to such Lot or chargeable to the former Owner thereof which became due prior to the acquisition of title by said mortgagee. Such uncollected assessments, interest, late charges and collection costs incurred shall be deemed a Common Expense collectible from all Owners, including the acquiring mortgagee, on a pro-rata basis. Any such transfer to or by a mortgagee shall not relieve the transferee of personal responsibility nor the Lot from the lien for assessments thereafter falling due. No sale or transfer shall release such Lot from liability for any assessment thereafter becoming due.

Section 8. Funding by Declarant. Notwithstanding anything contained herein to the contrary, Declarant shall not be obligated to pay any annual or special assessment as to any Lot owned by it during any period of time during which Declarant pays the Common Expense actually incurred over and above the income derived from annual, special and individual assessments collectible from Class "A" Members and other income of the Association. For purposes of this subsidy arrangement, Declarant need not subsidize or pay replacement reserves or capital expenditures. Declarant, at its option, may elect by written notice given to the Association at any time to abandon the subsidy approach and commence payment of annual and special assessments for the Lots then owned by Declarant, prorated from the date of such written notice. Declarant shall never be obligated to pay any individual assessment.

ARTICLE VII — ARCHITECTURAL CONTROL

Section 1. Architectural Control; ARB. All Lots and Dwellings in the Community are subject to architectural review. This review shall be in accordance with this Article and the Arrowhead Estates Planning, Construction and Development Criteria ("the Planning Criteria") adopted from time to time by the Architectural Review Board (the "ARB"). No site work, landscaping, utility extensions, drainage improvement, paving, parking area, swimming pool, pool enclosure, building, fence, wall or any other physical or structural improvement, or change or alteration to the exterior of any existing structures or improvements, or to any existing landscaping, shall be commenced, erected or maintained until the plans showing such details as the nature, size, workmanship, design, shape, finished grade elevation, height, materials and color of the same, together with a detailed landscape plan and a plot plan showing the location relative to boundaries and adjacent improvements of such proposed improvements or changes, shall have been approved in writing by the ARB as to consistency with Declarant's development plan and the Planning Criteria, harmony of exterior design and materials, location in relation to surrounding structures, and drainage features and topography.

It shall be the responsibility of each Owner at the time of construction of a Dwelling, building or structure, to comply with the construction plans for the Surface Water Management System pursuant to Chapter 40D-4, F.A.C., approved and on file with the District.

The ARB shall promulgate and revise from time to time the Planning Criteria. The Planning Criteria shall be written and made available to all builders in the Community and to all Owners or prospective Owners. The Planning Criteria may include any matters considered appropriate by the ARB not inconsistent with the provisions of this Declaration.

So long as Declarant owns any Lots subject to this Declaration, Declarant shall be entitled to appoint all members of the ARB. Thereafter, the membership of the ARB shall be determined by the Board. The ARB shall consist of no less than three (3) members, none of whom shall be required to be Owners or occupants of the Community. Decisions of the ARB shall be by majority action. No member of the ARB shall be entitled to compensation for services performed, but the ARB may employ professional advisors and pay reasonable compensation to such advisors at Common Expense.

Section 2. Approval or Disapproval. Unless waived by the ARB, all plans shall be prepared by an architect or engineer, said person to be employed by and at the expense of the Owner. Determinations by the ARB shall be binding on each Owner. If in its opinion, for any reason, including purely aesthetic reasons, the ARB should determine that a proposed improvement, alteration, etc. is not consistent with the Planning Criteria or the Declarant's development plan, or in the best interest of the Community, such alteration or improvement shall not be made. Approval of the plans may be withheld not only because of noncompliance with any of the specific conditions, covenants and restrictions contained in this Declaration, but also by virtue of the dissatisfaction of the ARB with the location of the structure on the Lot, the elevation, color scheme, finish, design, proportions, architecture, drainage plan, shape, height, style and appropriateness of the proposed structures or altered structures, the materials used therein, the planting, landscaping, size, height or location of vegetation on the Lot, or because of its reasonable dissatisfaction with any other matter or thing which, in the judgment of the ARB, will render the proposed item of improvement inharmonious or out of keeping with the general development plan or the Planning Criteria. Two (2) sets of plans, specifications and plot plans shall be submitted to the ARB by the Owner prior to applying for a building permit. The Owner shall obtain a written receipt for the plans and specifications from the ARB. Plans and re-submittals thereof shall be approved or disapproved within thirty (30) days after receipt of such submittal or re-submittal by the ARB. Failure of the ARB to respond in writing to a submittal or re-submittal of plans within such period shall be deemed to be approval of the plans as submitted or resubmitted. The ARB approval or disapproval shall be written and shall be accompanied by one (1) copy of the plans, etc., to be

returned to the Owner. Whenever the ARB disapproves plans, the ARB shall specify the reason or reasons for such disapproval.

Section 3. Violations, Waiver. The work must be performed strictly in accordance with the plans as approved. If after plans have been approved, the improvements are altered, erected, or maintained upon the Lot other than as approved, same shall be deemed to have been undertaken without ARB approval. After one (1) year from completion of any improvement, addition or alteration, said improvement shall, in favor of purchasers and encumbrances in good faith and for value, be deemed to comply with the provisions hereof unless a notice of such noncompliance executed by any member of the ARB shall appear in the Lake County public records, or legal proceedings shall have been instituted to enjoin the noncompliance or to enforce compliance with these provisions.

Section 4. Variances. The ARB may grant variances from compliance with any of the architectural provisions of this Declaration or the Planning Criteria, including without limitation restrictions upon height, size or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may reasonably require. Such variances must be written and must be signed by at least two (2) members of the ARB. If variances are so granted, no violation of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or the Planning Criteria for any purpose except as to the particular Lot and the particular provision covered by the variance, nor shall it affect the Owner's obligation to comply with all applicable governmental laws and regulations.

Section 5. Waiver of Liability. Neither Declarant, the ARB or the Association shall be liable to anyone submitting plans for approval or to any Owner or occupant of the Community by reason of or in connection with approval or disapproval of any plans, or for any defect in any plans submitted, revised or approved in accordance with the requirements of the ARB, or for any structural or other defect in any work done according to such plans. Approval of plans, or any other approvals, variances or consents, are given solely to protect the aesthetics of the Community in the judgment of the ARB and shall not be deemed a warranty, representation or covenant that any action taken in reliance thereon complies with applicable laws, codes, rules or regulations, nor shall ARB approval be deemed approval of any plan or design from the standpoint of structural safety or conformity with building or other codes. Every person who submits plans for approval agrees, by submission of such plans, and every Owner or occupant of any Lot agrees, by acquiring title thereto or an interest therein, that it will not bring any action, proceeding or suit to recover any such damages.

Section 6. Enforcement of Planning Criteria. Declarant and the Association shall have the standing and authority on behalf of the Association to enforce in courts of competent jurisdiction the Planning Criteria and the decisions of the ARB. Should Declarant or the Association be required to enforce the provisions hereof by legal action, the reasonable attorneys' fees and costs incurred, whether or not judicial proceedings are involved, including the attorneys' fees and costs incurred on appeal from judicial proceedings, shall be collectible from the violating Owner. Should any Owner fail to comply with the requirements hereof after thirty (30) days' written notice, Declarant and the Association shall have the right but not the obligation to enter upon the Owner's property, make such corrections or modifications as are necessary, or remove anything in violation of the provisions hereof or the Planning Criteria, and charge the cost thereof to the Owner as an individual assessment. Declarant and the Association, or their agents or employees, shall not be liable to the Owner or to any occupant or invitee of any Lot for any trespass or damages or injury to property or person for any action taken hereunder unless caused by gross negligence or intentional wrongdoing.

ARTICLE VIII — EXTERIOR MAINTENANCE

Section 1. Owner's Responsibility; Default. Each Owner shall keep and maintain the Dwelling and other building improvements and landscaping located on that Owner's Lot in good and presentable condition and repair consistent with the approved plans therefor, and shall otherwise keep such Lot and any Dwelling located thereon in neat and attractive condition. Each Owner will, at his expense, mow and otherwise keep and maintain those portions of the Surface Water Management System located on that Owner's Lot (whether or not included in a platted drainage easement) free of debris and other obstructions on a routine basis, but, when required, major repairs to, and major maintenance and reconstruction of, components of the Surface Water Management System for the Community will be performed by the Association, at Common Expense.

No Owner shall remove native vegetation (including cattails) that become established within any wet detention ponds abutting that Owner's Lot except in accordance with all applicable governmental regulations. For the purposes hereof, removal includes dredging, application of herbicide, and cutting. Owners should address questions regarding authorized activities within any wet retention/detention area or pond to the District at its Orlando, Florida Permitting Department.

The Association shall have the right but not the obligation to provide exterior repair and maintenance on any Lot or Dwelling in the event of default by any Owner in the duties hereby imposed. Prior to performing repair or maintenance on any Lot or Dwelling, the Board shall determine that same is in need of repair or maintenance and is detracting from the overall appearance of the Community. Except in emergency situations, prior to commencement of any work, the Board must furnish written notice to the Owner to the effect that, unless specified repairs or maintenance are commenced within fifteen (15) days after the mailing of the notice, and thereafter diligently pursued to completion, the Association may procure said repairs. Upon the Owner's failure to commence timely and to diligently pursue the repairs or maintenance, the Association and its agents or employees shall have the right to enter in or upon the Lot and the exterior of any Dwelling to perform the repairs or maintenance specified in the notice. In this regard, the Association shall have the right to do such things as, but not limited to, paint, repair, replace and care for pools, pool enclosures, roofs, gutters, down spouts and exterior building surfaces, clean or resurface paved access ways and parking areas, trim and care for trees, shrubs, grass, walks, swales, berms and other landscaping and drainage improvements, as well as to provide general cleanup, shoreline maintenance, and removal of debris which in the opinion of the Board detracts from the overall beauty and setting of the Community. Declarant, the Association, and their respective agents and employees, shall have no liability to the Owner or any occupant or guest for trespass, or damage or injury to property or person as the result of actions taken hereunder unless caused by gross negligence or intentional wrongdoing.

Section 2. Assessment of Cost. The cost of any work performed by or at the request of the Association pursuant to Section 1 shall be assessed as an individual assessment against the Owner of the Lot or Dwelling upon which such work is done.

Section 3. Access at Reasonable Hours. In order to perform the repairs or maintenance authorized by this Article, the agents or employees of the Association may enter upon any Lot and the exterior of any Dwelling during reasonable hours on any day except Sundays and holidays, except that in an emergency situation, as determined by the Board, entry may be made at any time.

Section 4. Association Maintenance Responsibility. The Association shall maintain and keep in good repair the Common Property and Areas of Common Responsibility and the landscaping and other improvements located thereon. Such duties include without limitation sign, fence and wall repairs, irrigation, fertilization, weeding, mowing, trimming, spraying and periodic replacement of damaged or diseased plantings. The drainage easements and drainage retention easements depicted on the plat(s) of the Community comprise parts of the Surface Water or Stormwater Management System for the Community as approved and permitted by the District under permit No. 4-069-0221M issued June 13, 1995 and that certain Deed of

Easement granted to the District by Declarant and recorded in Official Records Book 1393, Page 1789 of the Public Records of Lake County, Florida (collectively, the "District Permit"). It is the responsibility of the Association, at Common Expense, to operate, maintain (excluding routine mowing and removal of trash and debris which shall be the responsibility of the respective Lot Owners within their Lots), and repair the overall Surface Water and Stormwater Management System and to enforce, or to take such appropriate action as may be necessary to cure violations of, the routine maintenance and non-interference covenants of the Owners under this Declaration, and, when appropriate, to levy special assessments or individual assessments therefor. It shall be the further responsibility of the Association to operate, maintain and manage the Wetland Creation and Upland Buffer Areas, as specified in the District Permit, in a manner consistent with District requirements and all applicable District rules, and to assist in the enforcement of the restrictions and covenants contained herein. The Wetland Creation and Upland Buffer Areas, which are part of the Surface Water and Stormwater Management System, as described in the District Permit, are hereby dedicated as Common Property and, except as specified in the District Permit, shall be the perpetual responsibility of the Association and may in no way be altered from their natural state. Activities prohibited within the Wetland Creation and Upland Buffer Areas include those activities described in paragraph 3 of the Deed of Easement referred to above. The Association shall be required to monitor and exercise practices which shall provide drainage, water storage, conveyance, survival and growth of installed aquatic plant material or other surface water or storm water management requirements as permitted by the District.

The District shall also have the right to enforce the obligations of the Association described in this Section 4.

Section 5. Association Reservation of Easement. The Association shall have and Declarant hereby reserves for the benefit of the Association, a perpetual non-exclusive easement over all areas of the Surface Water or Stormwater Management System for access to fulfill its maintenance responsibilities, as described in Section 4 above. By this easement, the Association shall have the right to enter upon any portion of any Lot which is a part of the Surface Water or Stormwater Management System, at a reasonable time and in a reasonable manner, to perform such maintenance obligations as required by the District Permit. Additionally, the Association shall have a perpetual non-exclusive easement for drainage over the entire Surface Water and Stormwater Management System. No person shall alter the drainage flow of the Surface Water and Stormwater Management System, including buffer areas or swales, without the prior written approval of the District.

ARTICLE IX — RESTRICTIVE COVENANTS

The Community shall be subject to the following covenants and restrictions which shall be binding upon each and every Owner and his Lot:

Section 1. Wells. Except for a water well for use only for air conditioning, heating or irrigation purposes, no individual water supply system shall be permitted on any Lot without the approval of the ARB.

Section 2. Obnoxious or Offensive Activity. No activity or use shall be allowed in the Community which is a source of annoyance, embarrassment or discomfort to Owners or their tenants or invitees, or which interferes with the peaceful possession and proper use and enjoyment of the Community, nor shall any improper, unsightly, offensive or unlawful use be made of any Lot or Dwelling or of the Common Property, and all laws and regulations of applicable governmental bodies shall be observed. The use, enjoyment and occupancy of the Community shall be in such a manner so as not to cause or produce any of the following effects discernible outside any Dwelling: noise or sound that is objectionable because of its volume, duration, beat, frequency or shrillness; smoke; noxious, toxic or corrosive fumes or gases; obnoxious odors; dust, dirt or fly ash; unusual fire or explosive hazards; vibration; or interference with normal television, radio or other telecommunication reception by other Owners.

Section 3. Rules and Regulations. Reasonable rules and regulations may be promulgated by the Board, after notice and hearing, as to the use and enjoyment of the Community and shall be observed by the Owners and occupants thereof. Such rules and regulations may involve such matters as air conditioning units, signs, mailboxes, temporary structures, noisy mufflers or other nuisances, garbage and trash disposal, clotheslines, parking, vehicle traffic and the state of repair of vehicles, tree removal, gutters, pets, game and play structures, swimming pools, television antennae, driveways, walkways, sight distances at intersections, garages, and fences. These matters are set out by way of illustration only and shall not be construed to limit the authority of the Board to promulgate and enforce reasonable rules and regulations. Such rules and regulations may augment or clarify the terms of this Declaration or any provision, covenant or restriction herein contained. Anything in this Declaration to the contrary notwithstanding, no rules shall be adopted which tend to restrict the rental or lease of any Lot or Dwelling or which purport to establish any minimum period for occupancy.

Section 4. Animals. Birds, fish, dogs and cats may be kept as pets only, and shall not be held or offered for sale or maintained or bred for any commercial use. Birds, fish, dogs and cats which are kept as pets shall be sheltered inside structures; no animal shelter shall be permitted outside. All dogs and cats must be leashed when outside and shall not be permitted to run loose. No other animals, fowl, insects, reptiles or livestock shall be kept or maintained in the Community unless approved in advance by the Board. No animal, etc., shall be permitted to remain if it disturbs the tranquillity of the Community or the Owners or tenants thereof, or is dangerous, annoying, a nuisance or destructive of wildlife, as determined by the Board after notice and hearing.

Section 5. Garbage and Trash. No trash, garbage or other waste material or refuse shall be placed or stored on any part of the Community except in covered or sealed sanitary containers. All such sanitary containers must be stored within each Dwelling, buried underground, or placed within an enclosure or concealed by means of a screening wall approved by the ARB.

Section 6. Storage Receptacles. No fuel tanks or similar storage receptacles may be exposed to view, and same may be installed only within an approved accessory building, within a screened area, or buried underground, and shall otherwise comply with standards established from time to time by the ARB.

Section 7. Vehicles. No vehicle may be parked in the Community except on paved streets and paved driveways. No inoperative vehicles shall be allowed to remain in the Community in excess of forty-eight (48) hours unless kept in an enclosure and not visible from the street or any other Lot. No commercial vehicles, except those present on business, shall be parked on any part of the Community. No trailers, boats, campers, trucks, mobile homes, motorized recreational vehicles or motorcycles may be parked in the Community unless parked inside a garage or on the side of (opposite any side street) or behind the Dwelling.

Section 8. Temporary Structures. No building or structure of a temporary or portable character such as trailers, tents or shacks shall be permitted in the Community, except as approved by the ARB, and except for temporary improvements used solely in connection with the construction of approved permanent improvements and removed immediately upon completion of such construction. Neither Declarant nor any builder designated by Declarant shall be prohibited from erecting or maintaining such temporary dwellings, model homes and other structures as Declarant or the designated builder may desire for development and marketing purposes, provided such are in compliance with the appropriate governmental requirements or regulations.

Section 9. Signs. No signs, advertisements, billboards, solicitation or advertising structures or materials of any kind shall be displayed or placed upon any Lot without the prior written approval of the ARB; provided, however, street numbers and name signs on Lots and one sign containing not more than eight (8) square feet of surface area per side (2 sides maximum) and used solely in connection with the marketing of the affected Lot for sale or lease shall be permitted without prior approval. Declarant or the Association may

enter upon any Lot and remove and destroy any sign which violates this section. This section shall not apply to Declarant or to any builder maintaining one or more model homes in the Community.

Section 10. Air-Conditioning Equipment. No air conditioning equipment other than compressor units may be visible on the exterior of any Dwelling unless approved by the ARB, which approval may be based on the adequacy of screening of such equipment. The ARB may prohibit window or wall air conditioning units altogether.

Section 11. Drainage Structures. Unless first approved by the ARB and the District, no Owner other than the Declarant may obstruct, alter or in any way modify the method and/or structures of drainage utilized or installed by Declarant or the Association from, on or across any Lot, Common Property or Area of Common Responsibility; nor shall any structure or material be erected, placed or maintained which shall in any way obstruct such drainage devices or facilities or impede their efficient operation. No elevation changes shall be permitted on any Lot which materially adversely affect the drainage of or to any neighboring Lot or Common Property.

No Owner may construct or maintain any building, Dwelling, or structure, or undertake or perform any activity, in any wetlands, any buffer areas, or any upland conservation areas described in the approved permit issued by the District or in any recorded plat of the Community unless prior approval is received from the District pursuant to Chapter 40D-4, F.A.C.

Section 12. Aerials; etc. No exterior telecommunications, radio, microwave or television mast, tower, pole, wire, aerial, satellite receiving stations or dish, antenna or appurtenances thereto in excess of three (3) feet in diameter and below the top of the roof line, nor any other exterior electronic or electric equipment, structures or devices of any kind may be installed or maintained in the Community without the prior written approval of the ARB.

Section 13. Subdivision. No part of the Community shall be further subdivided without the prior written consent of Declarant for so long as Declarant owns any Lot, and thereafter by the Board.

Section 14. Completion of Construction. Upon commencement of construction of any improvements on any Lot, the Owner shall diligently prosecute the work to the end that the improvements shall be completed as expeditiously as is reasonable. The Owner of the Lot on which improvements are being built must keep the streets and areas adjacent to the Lot free from any dirt, mud, garbage, trash or other debris occasioned by the construction.

Section 15. Excavation. No clearing or excavation shall be made except incident to construction, maintenance or repair of an improvement; and upon completion thereof exposed openings shall be back-filled, and disturbed ground shall be leveled, graded and seeded in accordance with the approved landscape plan.

Section 16. Fences and Walls. There shall be no fence or wall permitted on any Lot unless it meets the requirements below and has been approved by the ARB as to size, material, color, location, etc. Landscape buffers may be required on the outside of any fences and walls by the ARB. All wood fences must be installed with the posts and supports on the inside. No fence or wall may be constructed in the following areas: (1) Between the street along the front of the Dwelling (the "Front Street") and a straight line being the extensions of the surface of the furthest set back portion of the front side of the Dwelling to each of the two side lot lines; or (2) Between the street facing a side of the Dwelling (the "Side Street") and a straight line being the extension of the surface of furthest set back portion of the side of the Dwelling to the rear lot line; or (3) Any easement area shown on any plat of the Community.

Notwithstanding anything herein to the contrary, so long as Declarant or builders designated by Declarant maintain any model homes within the Community, they shall have the right to fence all or any part of any Lots being used for models or parking for the term of such use.

Section 17. Clotheslines. Clotheslines are not permitted unless they are completely hidden from view from any street or Common Property. No clothing, bedding or other similar items shall be hung over or on any windows, doors, walls or fences if the same be visible from any street or Common Property.

Section 18. Play Structures and Yard Accessories. All yard accessories and play structures, including basketball hoops or backboards and any other fixed games, shall be located at the side or rear of the Dwelling, or to the rear of the Dwelling on corner Parcels.

Section 19. Trees. Trees measuring six inches (6") or more in diameter at three feet (3') or more above ground level shall not be cut or removed from the Community without the prior written consent of the ARB unless the trees are located within six feet (6') of the Dwelling or its proposed location as approved by the ARB. More restrictive arbor ordinances or environmental laws shall control in the event of conflict herewith.

Section 20. Use. Lots shall be used for single family residential purposes only. No Dwelling or other building on any Lot shall be rented or leased separately from the rental or lease of the entire Lot and all improvements located thereon.

Section 21. Pools. Swimming pools may not be located in the front or side yard of any Lot, nor nearer than the Dwelling to any side street lot line.

Section 22. Dwellings and Garages.

(a) No Dwelling shall have a heated square footage area of less than one thousand two hundred (1,200) square feet, exclusive of screened area, open porches, terraces, patios and garages. In the case of two story or split level Dwellings, the ground floor must be no less than seven hundred fifty (750) heated square feet, exclusive of screened areas, open porches, terraces, patios and garages.

(b) No Dwelling shall exceed two (2) stories in height.

(c) No projections of any type shall be placed or permitted to remain above any roof of the Dwelling with the exception of one or more chimneys or vent stacks. No solar collectors shall be visible from any front street.

(d) No Dwelling shall have exposed structural block on its front elevation.

(e) All driveways shall be constructed of solid concrete or decorative pavers approved by the ARB.

(f) All oil tanks, soft water tanks, wood piles, water softeners, well pumps, sprinkler pumps, pool and spa equipment and heaters, and other or similar mechanical fixtures and equipment, shall be screened or located so as not to be visible from a street or other Lot. This provision shall not apply to central air conditioning compressor units.

Section 23. Tree Removal and Landscaping. There shall be no removal of trees or clearing of a Lot, other than clearing of underbrush, until such time as the ARB has approved in writing a general, conceptual landscape plan that designates those existing trees to be retained and preserved on the Lot. All Lots shall have fully sodded front and side lawns except in approved landscape or retained natural areas. Natural vegetation shall be finished by removal of underbrush and mulch.

Section 24. Refuse Collection. All trash, garbage or other refuse shall be placed for pickup not earlier than the evening preceding pickup, and any and all containers for such trash, garbage or refuse shall be returned

no later than the evening of pickup to their normal, hidden location. Except for normal construction debris on any Lot during the course of construction of the Dwelling, no weeds, rubbish, debris, objects or materials of any kind shall be placed or permitted to accumulate upon any portion of the Community.

Section 25. Pumping. The Owner of any Lot which includes or is adjacent to a pond, creek, wetland, bayhead or other body of water shall not reduce the depth or size of said body of water by pumping or draining therefrom.

Section 26. Ramps. No skateboard or bicycle ramp or similar structure shall be permanently installed or maintained overnight on any portion of any Lot located forward of the rear wall of the Dwelling.

Section 27. Declarant Proviso. Any of the restrictive covenants herein contained or any other provision of this Declaration to the contrary notwithstanding, until Declarant has completed all of the contemplated improvements and closed the sales of all of the Lots, neither the Owners nor the Association shall interfere with the completion of the contemplated improvements and the sale of the Lots. Declarant may make such lawful use of the unsold Lots, Common Property and Areas of Common Responsibility, without charge, as may facilitate such completion and sale, including, but not limited to, maintenance of sales and construction trailers and offices, the showing of the Lots and the display of signs and the use of Lots for vehicular parking.

ARTICLE X — ADDITIONAL COVENANTS AND RESTRICTIONS

No Owner may impose any additional covenants or restrictions on any part of the Community without the prior written approval of Declarant, for so long as Declarant owns any Lot, and thereafter without the prior written approval of the Board.

ARTICLE XI — AMENDMENT

The holders of at least two-thirds (2/3) of the votes in the Association (without regard to class) may change or amend any provision hereof either (1) by executing a written instrument in recordable form setting forth such amendment, or (2) by causing a certified copy of a duly adopted resolution of the Owners to be prepared, and having the same duly recorded in the Public Records of Lake County. A proposed amendment may be initiated by Declarant, the Association, or petition signed by ten percent (10%) of the Owners. If a proposed amendment is to be adopted by vote, a written copy of the proposed amendment shall be furnished to each Owner at least thirty (30) days but not more than ninety (90) days prior to the meeting to discuss the proposed amendment. If adopted by vote, the affirmative vote required for adoption shall be two-thirds (2/3) of the votes of the Members (without regard to class) cast in person or by proxy at a meeting duly called, and the recorded certificate shall contain a recitation that notice was given as above set forth and said recitation shall be conclusive as to all parties, and all parties of any nature whatsoever shall have full right to rely upon said recitation in such recorded certificate. The amendment shall be effective upon recordation of the executed amendment, or the certified copy of the duly adopted resolution, among the Public Records of Lake County. To the extent any amendment would have the effect of altering any provision relating to the Surface Water or Stormwater Management System, beyond maintenance in its original condition, including the Water Management portions of the Common Property, such amendment must be approved in writing by the District.

ARTICLE XII — HUD/VA AND DISTRICT APPROVAL RIGHTS

Notwithstanding anything in this Declaration to the contrary, as long as there exists a Class "B" membership, the following actions will require the prior approval of the United States Department of

Housing and Urban Development ("HUD") and the Veterans Administration ("VA"): annexation of Additional Property, any merger or consolidation involving the Association, the placing of any mortgage lien on the Common Property, dedication to the public of any Common Property and any amendment of this Declaration. This Declaration may not be amended without the prior written consent of the District if such amendment would change any of the provisions of this Declaration governing or affecting the operation, maintenance or repair of the Surface Water Management System for the Community.

ARTICLE XIII — DURATION AND TERMINATION

This Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by Declarant, the Association and any Owner, and their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded in the public records, after which time this Declaration and each Supplemental Declaration shall be automatically extended for successive periods of ten (10) years unless prior to the commencement of any 10-year extension period an instrument signed by the Owners of eighty percent (80%) of the Lots and agreeing to terminate this Declaration is recorded in the Public Records of Lake County. All provisions of this Declaration relating to Lots and Dwellings that have been sold for taxes or special assessment survive and are enforceable after the issuance of a tax deed or master's deed, or upon the foreclosure of an assessment, a certificate or lien, a tax deed, tax certificate, or tax lien, to the same extent that they would be enforceable against a voluntary grantee of title to the Lot and Dwelling immediately before the delivery of the tax deed or master's deed or immediately before the foreclosure.

ARTICLE XIV — ENFORCEMENT

Section 1. Remedies. If any person or entity shall violate or attempt to violate the terms of this Declaration, it shall be lawful for Declarant, any Owner, or the Association (a) to prosecute proceedings for the recovery of damages against those so violating or attempting to violate the terms of this Declaration, (b) to maintain a proceeding in any court of competent jurisdiction against those so violating or attempting to violate the terms of this Declaration, for the purpose of preventing or enjoining all or any such violations or attempted violations, or (c) to maintain a proceeding for any other equitable or legal recourse or remedy available at law or in equity. In addition, whenever there shall have been built, or there shall exist on any Lot, any structure, building, thing or condition which is in violation of this Declaration, Declarant or the Association (but not any Owner) shall have the right, but not the obligation, to enter upon the Lot where such violation exists and summarily to abate and remove the same, all at the expense of the Owner of such Lot, which expense shall constitute an individual assessment which shall be treated and shall be collected as set forth in Section 2 of Article IX, and such entry and abatement or removal shall not be deemed a trespass or make Declarant or Association liable in any way to anyone for any damages on account thereof. The remedies contained in this provision shall be construed as cumulative of all other remedies now or hereafter provided by law or elsewhere in this Declaration. The failure of Declarant, the Association, or an Owner to enforce any covenant or restriction or any obligation, right, power, privilege, authority or reservation herein contained, however long continued, shall not be deemed a waiver of the right to enforce the same thereafter as to the same breach or violation, or as to any other breach or violation thereof occurring prior or subsequent thereto.

Section 2. Severability. The invalidation of any provision or provisions of the covenants and restrictions set forth herein by judgment or court order shall not affect or modify any of the other provisions of said covenants and restrictions, which other provisions shall remain in full force and effect.

Section 3. Notices. All notices shall be written. Any notice sent to an Owner shall be deemed to have been properly sent when hand delivered or when mailed, postpaid, to the last known address of the person who appears as Owner on the records of the Association at the time of such mailing. Notices may be sent by like

method to Declarant at the address set forth in the preamble to this Declaration, and to the office of the Association as registered from time to time with the Office of the Secretary of State, State of Florida.

IN WITNESS WHEREOF, Declarant has executed this Declaration on the day and year first above written.

Signed, sealed and delivered in the presence of witnesses: ARROWHEAD ASSOCIATES, LTD., a Florida limited partnership, by JPC Development Corporation, a Florida corporation, General Partner, by Jean Pierre Cuenant, President.

STATE OF FLORIDA, COUNTY OF ORANGE — The foregoing instrument was acknowledged before me this 19th day of November, 1996 by Jean Pierre Cuenant, President of JPC Development Corporation, a Florida corporation, General Partner of Arrowhead Associates, Ltd., a Florida limited partnership. He is personally known to me. Notary Public: Frankie M. Smith, Commission No. CC306283, Commission Expires September 27, 1997.

EXHIBIT A — THE PROPERTY

That part of Tracts 9, 10, 11, 12, 21 and 28 lying Southerly and Southwesterly of Old Highway 50 and lying Westerly of State Road No. 455; and all of Tracts 22, 23, 24, 25, 26 and 27; and the North 1/2 of Tracts 38 and 39.

All of the above lying and being in Lake Highlands Company Subdivision according to the plat thereof as recorded in Plat Book 4, Page 11, Public Records of Lake County, Florida; Section 23, Township 22 South, Range 26 East; and includes all of Arrowhead Estates recorded in Plat Book 29, Page 60, Public Records of Lake County, Florida.

TOGETHER WITH: Streets vacated in Resolution recorded in Official Records Book 937, Page 1534, of the Public Records of Lake County, Florida, together with the street lying South of Lots 26 and 27, North of Lots 38 and 39, and the North 1/2 of street lying South of Lots 25 and 28, vacated in Resolution recorded in Official Records Book 1023, Page 127, of the Public Records of Lake County, Florida.

FIRST SUPPLEMENTAL DECLARATION TO DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR ARROWHEAD ESTATES

Recorded in the Public Records of Lake County, Florida, Official Records Book 1579, Page 1716, instrument no. 98 06279, recorded January 1998.

Note: the source pages for this Supplemental Declaration and its Exhibit A metes-and-bounds legal description were a low-quality fax scan. The general provisions below have been transcribed as legibly as possible; the surveying calls (bearings and distances) in the attached metes-and-bounds description were too degraded to transcribe with confidence and have been omitted. Anyone relying on the precise legal description should obtain a certified copy from the Lake County Official Records.

This First Supplemental Declaration, effective as of October 24, 1997, is made by ARROWHEAD ASSOCIATES, LTD., a Florida limited partnership ("Declarant").

WHEREAS, Declarant executed that certain DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR ARROWHEAD ESTATES which is dated November 19, 1996, and was filed in the Official Records of Lake County, Florida, in Official Records Book 1481, beginning at Page 1431 ("Declaration"); and

WHEREAS, Section 2 of Article II of the Declaration provides in relevant part as follows:

Section 2. Additional Property. Declarant shall have the right but not the obligation to bring within the scheme of this Declaration, as Additional Property, additional land lying in the vicinity of the Property at any time within twenty (20) years from the date this Declaration is recorded, which annexation may be accomplished without the consent of the Association, the Owners, any mortgagee or other lien holder.

WHEREAS, Declarant is record owner of, and desires to subject to the Declaration, the real property described in Exhibit "A" attached and incorporated by reference (the "Additional Property");

NOW, THEREFORE, Declarant hereby declares as follows:

1. Annexation of Additional Property. Declarant hereby declares that the Additional Property is submitted, subjected, annexed, and added to the Declaration and to the property defined and described therein, and shall be transferred, held, sold, conveyed and developed subject to all the easements, covenants, restrictions, conditions and other terms and provisions of the Declaration. Henceforth, all references in the Declaration to the "Property" or "Properties" shall be deemed to include both the real property described in the Declaration (and all previous additions thereto) and the Additional Property. All owners of the Additional Property are subject to the same obligations and restrictions, and are entitled to the same rights and privileges (including without limitation membership in the Association identified below), as are the owners of all other properties that are subject to the Declaration.

2. Extension of Association's Jurisdiction. The jurisdiction of the ARROWHEAD ESTATES HOMEOWNERS ASSOCIATION, INC. (the "Association") pursuant to the Declaration is by operation of this Supplemental Declaration extended to the Additional Property and to the owners thereof.

3. Amendment to Section 7, Vehicles, of Article IX. Section 7 of Article IX of the Declaration as it applies to the Additional land is deleted in its entirety, and the following Section is substituted in the place thereof:

Section 7. Vehicles. No vehicle may be parked in the Community except on paved streets and paved driveways. No inoperative vehicles and vehicles without current licenses will be allowed to remain in the Community in excess of forty-eight (48) hours unless kept in an enclosure and not visible from the street or from any other Lot. No commercial vehicles shall be parked at any location in the Community; provided, however, service and delivery vehicles may be parked on paved streets or driveways in the Community during daylight hours for such period of time as is reasonably necessary to provide the applicable service or to make the applicable delivery to a Lot or Common Property. No tractors, mobile homes, recreational vehicles, trailers (whether with or without wheels), campers, camper trailers, and semi-trucks shall be parked in the Community. Boats and other watercraft, and their trailers, shall be parked only in enclosed garages, or if approved by the Association, in the rear yard of a Lot (and in the case of corner Lots, in the side yard opposite the side street) if concealed from view from other properties and from public streets by a privacy fence.

4. Declaration Remains in Effect. All provisions of the Declaration not expressly modified or affected by this Supplemental Declaration shall remain effective and unchanged.

ARROWHEAD ASSOCIATES, LTD., a Florida limited partnership, by JPC Development Corporation, a Florida corporation, as its general partner, by Jean Pierre Cuenant, President. 2430 Via Sienna, Winter Park, Florida 32789.

STATE OF FLORIDA, COUNTY OF ORANGE — The foregoing instrument was acknowledged before me this 24th day of October, 1997, by Jean Pierre Cuenant, as President of JPC Development Corporation, a Florida corporation, as general partner of Arrowhead Associates, Ltd., a Florida limited partnership, on behalf of the limited partnership.

JOINDER AND CONSENT OF MORTGAGEE

COLONIAL BANK, as owner and holder of the following mortgages ("Mortgages") encumbering the Additional Property described above in this instrument, hereby joins in and consents to this Supplemental Declaration and hereby subjects the Mortgages, and declares the Mortgages shall be subordinate, to this Supplemental Declaration. The Mortgages are described as follows: (1) Mortgage and Security Agreement dated August 28, 1997 and recorded in Official Records Book 1543, Page 972, of the Public Records of Lake County, Florida; (2) Consolidated Mortgage and Security Agreement dated November 2, 1996 and recorded in Official Records Book 1479, Page 1692, of the Public Records of Lake County, Florida; and (3) Mortgage and Security Agreement dated October 17, 1997 and recorded in Official Records Book 1393, Page 1798, of the Public Records of Lake County, Florida.

Signed by H. E. Davis, President, Colonial Bank (formerly known as Southern Bank of Central Florida), October 22, 1997. Notary: Nance S. Forte, State of Florida at Large, Commission No. CC298958.

Exhibit "A" to the First Supplemental Declaration consists of a metes-and-bounds legal description of two additional parcels (Arrowhead Phase 2) located in Section 23, Township 22 South, Range 26 East, Lake County, Florida, comprised of portions of the Lake Highlands Company Subdivision (Plat Book 4, Page 11) and Arrowhead Estates (Plat Book 29, Page 60), as more particularly platted in Plat Book 38, Pages 29–30, Public Records of Lake County, Florida. As noted above, the precise bearing-and-distance survey calls could not be reliably transcribed from the scanned copy and should be obtained from a certified copy of the recorded instrument.

CERTIFICATE OF THE FLORIDA DEPARTMENT OF STATE

I certify the attached is a true and correct copy of the Articles of Incorporation of ARROWHEAD ESTATES HOMEOWNERS ASSOCIATION, INC., a Florida corporation, filed on November 20, 1996, as shown by the records of this office. The document number of this corporation is N96000005922.

Given under my hand and the Great Seal of the State of Florida, at Tallahassee, the Capital, this the Twentieth day of November, 1996. Sandra B. Mortham, Secretary of State.

ARTICLES OF INCORPORATION OF ARROWHEAD ESTATES HOMEOWNERS ASSOCIATION, INC.

(a corporation not-for-profit)

PREAMBLE

The undersigned, as Incorporator, desiring to form a corporation not-for-profit pursuant to the Florida Not For Profit Corporation Act, adopts the following Articles of Incorporation for such corporation:

ARTICLE I — NAME OF CORPORATION

The name of the corporation is Arrowhead Estates Homeowners Association, Inc., a corporation not-for-profit under the provisions of the laws of the State of Florida (hereinafter referred to as the "Association").

ARTICLE II — DEFINITIONS

Unless defined in these Articles of Incorporation (the "Articles") or the Bylaws of the Association (the "Bylaws"), all terms used in the Articles and Bylaws shall have the same meanings as used in the Declaration of Covenants, Conditions and Restrictions for Arrowhead Estates (the "Declaration").

ARTICLE III — PRINCIPAL PLACE OF BUSINESS

The principal office of the Association is located at 2430 Via Sienna, Winter Park, Florida 32789.

ARTICLE IV — INITIAL REGISTERED AGENT

Jean Pierre Cuenant, whose address is 2430 Via Sienna, Winter Park, Florida 32789, is hereby appointed the registered agent of this Association.

ARTICLE V — INCORPORATOR

The name and street address of the Incorporator is Jean Pierre Cuenant, whose address is 2430 Via Sienna, Winter Park, Florida 32789.

ARTICLE VI — PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residence Lots and Common Area within that certain tract of property described as: SEE EXHIBIT A (collectively, the "Property") and to promote the health, safety and welfare of the residents within the Property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose to:

- (a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration, applicable to the Property and recorded or to be recorded in the Public Records of Lake County, Florida, and as the same may be amended from time to time as therein provided, the Declaration being incorporated herein as if set forth at length and pursuant to

Florida Statutes Sections 617.301 through 617.312, and as the same may be amended from time to time;

(b) fix, levy, collect, and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the real or personal property of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) borrow money, and with the assent of a majority of Members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed upon by the Members. No such dedication or transfer shall be effective unless an instrument has been approved by the vote of a majority of Members, agreeing to such dedication, sale or transfer;

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Areas, provided that any such merger, consolidation, or annexation shall comply with the requirements of the Declaration;

(g) have and exercise to the fullest extent under the law, any and all powers, rights and privileges which a corporation not-for-profit, organized under the laws of the State of Florida, may now or hereafter have or exercise; and

(h) operate, maintain and manage the Surface Water or Stormwater Management System(s) in a manner consistent with St. John's Water Management District ("District") Permit No. 4-069-0221M (the "SJWMD Permit") requirements and applicable District rules, and assist in the enforcement of the restrictions and covenants contained therein. The Association shall levy and collect adequate assessments against Members of the Association for the maintenance and repair of the Surface Water or Stormwater Management Systems including but not limited to work within retention areas, drainage structures and drainage easements.

(i) operate, maintain and manage the Wetland Creation Areas, as specified in the SJWMD Permit, in a manner consistent with the District's requirements and all applicable District rules, and shall assist in the enforcement of the restrictions and covenants contained therein. The Wetland Creation Areas are hereby dedicated as Common Areas, and shall be the perpetual responsibility of the Association and may in no way be altered from their natural state. Activities prohibited within the Wetland Creation Areas include, but are not limited to, construction or placing of buildings on or above the ground; dumping or placing soil or other substances such as trash; removal or destruction of trees, shrubs, or other vegetation — with the exception of exotic/nuisance vegetation removal; excavation, dredging or removal of soil material; diking or fencing; any other activities detrimental to drainage; flood control, water conservation, erosion control, or fish and wildlife habitat conservation or preservation. The Association shall be required to monitor and exercise practices which shall provide drainage, water storage, conveyance, survival and growth of installed aquatic plant material or other surface water or storm water management requirements as permitted by the St. Johns Water Management District and Lake County.

ARTICLE VII — MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

ARTICLE VIII — VOTING RIGHTS

The Association shall have three classes of voting membership:

Class A. The Class A Members shall be all Owners of Lots that have been conveyed to such Owners by a builder or developer of residential property. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Members shall be all Owners of Lots, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class C. The Class C Member shall be the Declarant, or its specifically designated (in writing) successor, and shall be entitled to three (3) votes for each Lot owned. The Class C membership shall cease and be converted to Class B membership on the happening of the earlier of the following events: (a) January 1, 2004; (b) upon voluntary conversion to Class A membership by the Declarant; (c) when seventy-five percent (75%) of the maximum number of Lots allowed for the Property have been conveyed to Lot Owners and have certificates of occupancy thereon; or (d) three months after ninety percent (90%) of the maximum number of Lots allowed for the Property have been conveyed to Lot Owners.

After conversion of its membership to Class B, the Declarant shall have voting rights consistent with the rights of Class B Membership.

ARTICLE IX — BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board consisting of no less than three (3) and no more than nine (9) Directors, who need not be Members of the Association. The initial number of Directors shall be three (3) and may be changed by amendment of the Bylaws. The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors are: Craig Rouhier, 744 Highland Avenue, Orlando, Florida 32803; Jean Pierre Cuenant, 2430 Via Sienna, Winter Park, Florida 32789; and Donna Weber, 236 Pasadena Place, Orlando, Florida 32803.

At the first annual meeting the Members shall elect one (1) Director for a term of one (1) year, one (1) Director for a term of two (2) years and one (1) Director for a term of three (3) years; and at each annual meeting thereafter the Members shall elect one (1) Director for a term of three (3) years. In the event the number of Directors is more than three (3), additional Directors shall be elected for a term of three (3) years. For so long as the Declarant holds for sale in the ordinary course at least 5% of the Lots in the Property, Declarant shall be entitled to elect at least one (1) Member of the Board of Directors.

ARTICLE X — OFFICERS

The affairs of the Association shall be administered by the Officers designated in the Bylaws as shall be elected by the Board of Directors at its first meeting, following the first annual meeting of the general membership, and they shall serve at the pleasure of the Board of Directors. The following named persons have been duly elected Officers of the Association: Jean Pierre Cuenant, President; Craig Rouhier, Secretary/Treasurer.

ARTICLE XI — INDEMNIFICATION

The Directors and Officers of the Association shall be indemnified by the Association to the fullest extent now or hereafter permitted by law and shall not be personally liable for any act, debt, liability or other obligation of the Association. Similarly, Members are not personally liable for any act, debt, liability or obligation of the Association. A Member may become liable to the Association for dues, assessments or fees as provided by law.

ARTICLE XII — BYLAWS

Bylaws of the Association will be hereinafter adopted at the first meeting of the Board of Directors. Such Bylaws may be amended or repealed, in whole or in part, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, except that the Federal Housing Administration ("FHA") or the Veterans Administration ("VA") shall have the right to veto amendments while there is a Class C membership in existence.

ARTICLE XIII — DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

In the event of termination, dissolution or final liquidation of the Association, the responsibility for the operation and maintenance of the Surface Water or Stormwater Management System must be transferred to and accepted by an entity which would comply with Section 40C-42.027, Florida Administrative Code, and be approved by the St. John's Water Management District prior to such termination, dissolution or liquidation.

ARTICLE XIV — DURATION

Existence of the Association shall commence with the filing of these Articles of Incorporation with the Secretary of State. The duration of this Association shall be perpetual.

ARTICLE XV — AMENDMENTS

Amendment of these Articles shall require the consent of seventy-five percent (75%) of the entire membership of the Association.

ARTICLE XVI — CONFLICT

In the event that any provision of these Articles conflicts with any provision of the Declaration, the provision of the Declaration in conflict therewith shall control. If any provision of these Articles conflicts with any provision of the Bylaws, the provision of the Articles shall control.

ARTICLE XVII — FHA/VA APPROVAL

Upon Arrowhead receiving FHA/VA approval, and as long as a Class C membership in the Association exists, the following actions require the prior approval of the FHA/VA: (i) annexation of additional properties, (ii) mergers and consolidations, (iii) mortgaging of the Common Areas, (iv) dedication of Common Areas, (v) dissolution of the Association, or (vi) amendment of these Articles or the Bylaws of the Association.

IN WITNESS WHEREOF, the undersigned has executed these Articles at Orlando, Florida, this 19th day of November, 1996.

Jean Pierre Cuenant, Incorporator. STATE OF FLORIDA, COUNTY OF ORANGE — The foregoing instrument was acknowledged before me this day of November, 1996, by Jean Pierre Cuenant, who is personally known to me. Notary Public, Commission Expires September 27, 1997.

ACCEPTANCE BY REGISTERED AGENT — Having been named as registered agent for Arrowhead Estates Homeowners Association, Inc., designated in the foregoing Articles of Incorporation, I hereby agree to act in this capacity and to comply with the provisions of all statutes relative to the proper and complete performance of my duties and obligations as Registered Agent for said Association. Registered Agent: Jean Pierre Cuenant.

EXHIBIT A — THE PROPERTY (Articles of Incorporation)

That part of Tracts 9, 10, 11, 12, 21 and 28 lying Southerly and Southwesterly of Old Highway 50 and lying Westerly of State Road No. 455; and all of Tracts 22, 23, 24, 25, 26 and 27; and the North 1/2 of Tracts 38 and 39.

All of the above lying and being in Lake Highlands Company Subdivision according to the plat thereof as recorded in Plat Book 4, Page 11, Public Records of Lake County, Florida; Section 23, Township 22 South, Range 26 East; and includes all of Arrowhead Estates recorded in Plat Book 29, Page 60, Public Records of Lake County, Florida.

TOGETHER WITH: Streets vacated in Resolution recorded in Official Records Book 937, Page 1534, of the Public Records of Lake County, Florida, together with the street lying South of Lots 26 and 27, North of Lots 38 and 39, and the North 1/2 of street lying South of Lots 25 and 28, vacated in Resolution recorded in Official Records Book 1023, Page 127, of the Public Records of Lake County, Florida.

BYLAWS OF ARROWHEAD ESTATES HOMEOWNERS ASSOCIATION, INC.

ARTICLE I — NAME AND LOCATION

The name of the corporation is Arrowhead Estates Homeowners Association, Inc., hereinafter referred to as the "Association." The principal office of the Association shall be located at 2430 Via Sienna, Winter Park, Florida 32789, but meetings of Members and/or Directors may be held at such places within the State of Florida, as may be designated by the Board of Directors (the "Directors").

ARTICLE II — DEFINITIONS

Section 1. "Association" shall mean and refer to Arrowhead Estates Homeowners Association, Inc., its successors and assigns.

Section 2. "Properties" or "Property" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions for Arrowhead Estates, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for performance of an obligation.

Section 6. "Declarant" shall mean and refer to Arrowhead Associates, Ltd., a Florida limited partnership, authorized to transact business in the State of Florida, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Arrowhead Estates applicable to the Properties recorded in the Public Records of Lake County, Florida.

Section 8. "Member" shall mean and refer to those persons entitled to Membership as provided in the Declaration.

Section 9. "Governing Documents" shall mean and collectively refer to these Bylaws and Articles of Incorporation of Arrowhead Estates Homeowners Association, Inc. and the Declaration of Covenants, Conditions and Restrictions for Arrowhead Estates.

Section 10. Non-Defined Terms. All terms not defined in these Bylaws shall have the same meaning as are attributed to them in the Declaration and the Articles.

ARTICLE III — MEMBERS

Section 1. Qualifications. The qualification of Members, the manner of their admission to membership, changes in membership and the termination of such membership, shall be as set forth in the Declaration and the Articles.

Section 2. Member Register. The Secretary of the Association shall maintain a register in the office of the Association showing the names and addresses of the Members. Each Member shall at all times advise the Secretary of any change of address of the Member or any change of ownership of the Member's Lot. The Association shall not be responsible for reflecting any changes until notified of such change in writing.

ARTICLE IV — MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held within thirteen (13) months of the previous annual meeting, at 7:00 p.m., unless a different time is established by the Directors. The Board shall not hold the annual meeting on a Saturday, Sunday or legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the Board of Directors, or upon written request of at least 10% of the total voting interests of the Association, or by written request of the Class C Member.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Attendance at Meetings. Any person entitled to cast the votes of a Member, and in the event any Lot is owned by more than one (1) person, all Co-Owners of a Lot may attend any meeting of the Members. Any person not expressly authorized to attend a meeting of the Members, as set forth above, may be excluded from any meeting of the Members by the presiding officer of such meeting.

Section 5. Organization. At each meeting of the Members, the President, or in his absence, the Vice President, shall act as Chairman of the Meeting. The Secretary, or in his absence any person appointed by the Chairman of the Meeting, shall act as Secretary of the meeting.

Section 6. Minutes. The minutes of all meetings of the Members shall be kept in written form or another form that can be converted into written form within a reasonable time, and shall be available for inspection by the Members or their authorized representatives, and the Members of the Board of Directors, at any reasonable time.

Section 7. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the Membership shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 8. Proxies. At all meetings of Members, each Member may vote in person or by proxy duly appointed in writing which bears a date not more than eleven (11) months prior to such meeting unless such proxy specifically provides for a longer period of time. All proxies shall be in writing, state the date, time and place of the meeting for which it is being signed by the Member entitled to vote and filed with the Secretary. Proxies shall only be valid for the particular meeting set forth in the proxy as it shall be adjourned and reconvened from time to time, and shall automatically expire ninety (90) days after the date of the

meeting for which it was originally given. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 9. Voting by Co-Owners. If a Lot associated with the membership of a Member is owned by more than one individual or entity, the vote of the Member may be cast at any meeting by any Co-owner. If at the time when the Members are voting a dispute arises between the Co-Owners as to how the vote shall be cast, they shall lose the right to cast their vote on the matter being voted upon, but their vote shall continue to be counted for purposes of determining the existence of a quorum.

Section 10. Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of the meetings of Members when not in conflict with the Governing Documents.

Section 11. Recording. Any member may tape record or videotape meetings of the Board of Directors and meetings of the members. The Board of Directors may adopt reasonable rules governing the taping of such meetings.

ARTICLE V — BOARD OF DIRECTORS: SELECTION AND TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors of a minimum of three (3) and a maximum of nine (9) Directors, who need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting the Members shall elect one (1) Director for a term of one (1) year, one (1) Director for a term of two (2) years and one (1) Director for a term of three (3) years; and at each annual meeting thereafter the Members shall elect one (1) Director for a term of three (3) years. If the number of Directors is more than three (3), each additional Director shall be elected for a term of three (3) years.

Section 3. Removal. Any Director may be removed from the Board of Directors, with or without cause, by the vote or agreement in writing of a majority of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board of Directors and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI — NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Members or non-members of the Association may be nominated.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At the election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. The use of proxies will be in accordance with the provisions set forth above in Article IV, Section 8.

ARTICLE VII — MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held annually or on an as needed basis without written notice, at such place and hour as may be fixed from time to time by resolution of the Board of Directors. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Notices of all meetings of the Board of Directors must be posted in a conspicuous place upon the Property at least 48 hours in advance of a meeting, except in an emergency. Alternatively, in the event no notice is posted, notice of each Board meeting must be mailed or delivered to each Director at least seven (7) days before the meeting, except in an emergency, or may be published in the form of a Schedule of Board meetings. An assessment may not be levied at a Board meeting unless the notice of the meeting includes a statement that assessments will be considered and the nature of the assessments.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting, at which a quorum is present, shall be regarded as the act of the Board of Directors. Directors may not vote by proxy or by secret ballot at Board meetings, except that secret ballots may be used in the election of officers.

Section 4. Presiding Officer. The presiding Officer at the Board of Directors' meetings shall be the Chairman of the Board ("Chairman"), if such an Officer is elected. If no Chairman is elected and the President is a Member of the Board of Directors, he shall preside. If the President is not a Director, then the Board of Directors shall designate one of their Members to preside.

Section 5. Minutes of Meetings. The minutes of all meetings of the Board of Directors shall be kept in written form or another form that can be converted into written form within a reasonable time, and shall be available for inspection by the Members or the Directors, at any reasonable time. A vote or abstention from voting on each matter voted upon for each Director present at a Board meeting must be recorded in the minutes.

ARTICLE VIII — POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for any infraction thereof;
- (b) suspend the voting rights and right to use of the Common Areas of a Member or a Member's tenants, guests, or invitees, for infractions of published rules and regulations. Such suspension shall be for a reasonable period of time and the Board may levy reasonable fines, not to exceed \$50 per violation. Such rights may not be suspended without at least 14 days notice and an opportunity for a hearing

before a committee of at least three (3) Members appointed by the Board of Directors, who are not directors or officers or employees of the Association, or the spouse, parent, child, brother or sister of an officer, director or employee of the Association;

(c) suspend the voting rights and right to use of the Common Areas of a Member or Member's tenant's guests or invitees, without notice and hearing, because of the failure of the Member to pay any assessments or other charges when due;

(d) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of the Governing Documents;

(e) declare the office of a Member of the Board of Directors to be vacant in the event a Member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(f) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and

(g) appoint by resolution, committees as from time to time may be deemed necessary which may exercise such powers, duties and functions as may be determined by the Board of Directors which may include any powers which may be exercised by the Board of Directors.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A and B Members who are entitled to vote;

(b) supervise all Officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to: (1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; (2) send written notice of each assessment to every Owner at least thirty (30) days in advance of each annual assessment period; and (3) foreclose the lien against any property, for which assessments are not paid within thirty (30) days after due date, or bring an action at law against the owner personally obligated to pay the same;

(d) issue, or cause an appropriate Officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all Officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area, storm water management tracts, systems, wetland areas, and all other lands, properties and water bodies required to be maintained by the Association pursuant to that certain Declaration of Covenants, Conditions and Restrictions of Arrowhead Estates as recorded in O.R. Book 1481, Page 1431, of the Public Records of Lake County, Florida to be maintained;

(h) supervise and ensure the making of necessary repairs, additions and improvements to, or alterations of the Property;

- (i) maintain bank accounts on behalf of the Association and designate signatories required therefor;
- (j) enter into and upon any portion of the Property, including any Lot(s) when necessary to maintain, care and preserve any real or personal property in the event the respective Owner fails to do so;
- (k) perform all duties and obligations of the Association as set forth in the Governing Documents and as otherwise provided by statute or law, and all powers incidental thereto or implied therefrom.

ARTICLE IX — OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The Officers of this Association shall be a President and Vice-President, who shall at all times be Members of the Board of Directors, a Secretary and a Treasurer, and such other Officers as the Board of Directors may from time to time by resolution create.

Section 2. Election of Officers. The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The Officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board of Directors may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any Officer may be removed from office with or without cause by the Board of Directors. Any Officer may resign at any time giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time as specified, and unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special appointments created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the Officers are as follows:

President

- (a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

- (b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board of Directors and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board of Directors.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association's books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to each of the Members.

ARTICLE X — INDEMNIFICATION

The Directors and Officers of the Association shall be indemnified by the Association to the fullest extent now or hereafter permitted by law and shall not be personally liable for any act, debt, liability or other obligation of the Association. Similarly, Members are not personally liable for any act, debt, liability or obligation of the Association. A Member may become liable to the Association for dues, assessments or fees as provided by law.

ARTICLE XI — COMMITTEES

The Association shall appoint an Architectural Review Board, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XII — BOOKS AND RECORDS

The books, records and papers of the Association shall at all times be subject to inspection by any Member. The Declaration, the Articles and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost. The Association shall be required to make available to prospective purchasers of any Lot, current copies of the Governing Documents and the most recent annual financial statement of the Association.

ARTICLE XIII — ASSESSMENTS

As more fully provided in Article VI of the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent and shall thereupon bear interest and late charges as described in the Declaration. Further, if the assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owner personally obligated to pay the assessment or foreclose the lien against the Property, and interest, late charges, costs, and reasonable attorney's fees of any such action shall be added to the amount of the assessment. No Owner may waive or otherwise escape liability for any assessment by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XIV — CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Arrowhead Estates Homeowners Association, Inc., the year "1996" and the words "Corporation Not-For-Profit." The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed or otherwise reproduced upon any instrument or document executed in the name of the Association.

ARTICLE XV — AMENDMENTS

These Bylaws may be amended at a regular or special meeting of the Members by a vote of a majority of the Owners, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is a Class C membership in existence.

ARTICLE XVI — MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. Partial Invalidity. If any of the provisions of these Bylaws shall be or become unenforceable at law or in equity, the remaining provisions shall, nevertheless, be and remain in full force and effect.

Section 3. Conflicts. In the event of any conflict, any applicable Florida statute, the Declaration, Articles, Bylaws and the Rules and Regulations of the Association shall govern, in that order.

Section 4. Captions. Captions are utilized only as a matter of convenience and for reference, and in no way are intended to or shall define, limit or describe the scope of these Bylaws or the intent of any provision.

IN WITNESS WHEREOF, we, being all of the Directors of Arrowhead Estates Homeowners Association, Inc., have hereunto set our hands this 19th day of November, 1996.

Jean Pierre Cuenant, President/Director. Craig Rouhier, Secretary/Treasurer/Director. Donna Weber, Director.

STATE OF FLORIDA, COUNTY OF ORANGE — The foregoing instrument was acknowledged before me this 19th day of November, 1996, by Jean Pierre Cuenant, who is personally known to me. Also acknowledged this same date by Craig Rouhier and by Donna Weber, both personally known to me. Notary Public: Frankie M. Smith, Commission No. CC306283, Commission Expires September 27, 1997.