

appurtenant to the land and shall pass to such Owner's successor in title. Upon a conveyance or other transfer of title, the liability hereunder of the prior Owner shall cease.

(c) In the event of any dispute arising concerning a party wall, or under the provision of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision of a majority of all the arbitrators shall be final and conclusive of the question involved. If a panel cannot be designated pursuant hereto, the matter shall be arbitrated pursuant to the rules of the American Arbitration Association, or its successors in functions, then obtaining. Any decision made pursuant to this Section shall be conclusive and may be entered in any court of competent jurisdiction in accordance with the Florida Arbitration Code.

(d) Where any one or more dwellings are constructed adjacent to their respective lot lines, the owner of the Lot to which it or they are adjacent shall have the right to attach a screen enclosure directly to the exterior wall of the dwellings constructed along such owner's lot line. The owner of the Lot with the screen enclosure shall be obligated to maintain the screen enclosure attachment to the walls, but the owner(s) of the dwelling(s) to which the screen enclosure is attached shall remain responsible for the maintenance of their respective walls. Except as provided above, screen enclosures shall not be constructed within the zero-lot line maintenance easement described above.

ARTICLE VII.

USE RESTRICTIONS AND RULES

All of the Properties shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemption of Declarant in Section 29 hereof:

Section 1. GENERAL. The Board of Directors may, from time to time, without consent of the Members, promulgate, modify, or delete use restrictions and rules and regulations applicable to the Lots and the Common Facilities. This authority shall include, but shall not be limited to, the right to limit the type and size of traffic signs and to set the maximum and minimum speeds of vehicles within the Neighborhood, subject to compliance with local traffic ordinances. The Board shall also have the authority to impose all other necessary traffic and parking regulations and to restrict the maximum noise levels of vehicles within the Neighborhood. Such regulations and use restrictions shall be binding upon all Owners. All Lots shall be subject to the "Big Sky" Development Design Standards prepared by Robert H. Miller & Associates, Inc., Revised October 5, 1994, as the same may be further revised from time to time, which includes use restrictions, landscaping, architectural and zoning restrictions.

Section 2. USE OF LOTS. All Lots shall be used for single-family residential purposes exclusively. No trade, profession, commercial, business or business activity shall be carried on or upon any Lot at any time. Leasing of a Lot shall not be considered a business or business activity.

Section 3. LEASING AND TIME-SHARING. Lots may be leased for residential purposes. No "Time-Sharing Plan" (as defined in Section 721.05 of the Florida Statutes) or any similar plan shall be permitted for any Dwelling Unit.

Section 4. OCCUPANTS BOUND. All provisions of the Declaration and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants of any Lot.

Section 5. NUISANCE. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition of his or her Lot. No Lot shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any Lot that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon tending to cause discomfort, annoyance, or nuisance to any person using any property adjacent to the Lot. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Neighborhood. Any activity on a Lot which interferes with television, cable or radio reception on another Lot shall be deemed a nuisance and a prohibited activity.

No hazardous or toxic substances, chemicals, pesticides, fertilizers or any other matter shall be placed on any portion of the Properties or into any lake or canal which is within or abuts the Properties or surface water management system of the Properties. Fertilizers and pesticides shall be used on Lots and Common Facilities only in a reasonable manner and only for the purpose for which such products are intended. Owners shall take strict precautions to prevent fertilizers and pesticides from entering any lake or canal which is within or abuts the Properties or surface water management system of the Properties.

In the event of a dispute or question as to what may be or become a nuisance such dispute or question shall be submitted to

the Board of Directors, which shall render a decision in writing, which decision shall be dispositive of such dispute or question.

Section 6. UNSIGHTLY OR UNKEMPT CONDITIONS. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Neighborhood.

Section 7. ARCHITECTURAL CONTROL.

(a) No building or other structure or improvement of any nature (including, but not limited to, pools, screen enclosures, patios or patio extensions, hedges, other landscaping, exterior paint or finish, awnings, antennae or satellite or microwave dishes, shutters, hurricane protection, Basketball hoops, swing sets or play equipment, decorative plaques or accessories, birdhouses, other pet houses, swales, asphaltting, sidewalk/driveway surfaces or treatments or other improvements or changes of any kind, even if not permanently affixed to the land or to other improvements) shall be erected, placed or altered on any Lot until the construction plans and specifications and a plan showing the location of the structure and landscaping or of the materials as may be required by the Architectural Control Board have been approved, if at all in writing by the Architectural Control Board and all necessary governmental permits are obtained. Fences, walls and similar improvements shall be governed by Section 33 below. Conversions of garages to living space or other uses are hereby prohibited, even though same are not readily apparent from the exteriors of applicable Units.

(b) Each building, wall, fence (if any) or other structure or improvement of any nature, together with landscaping, shall be erected, placed or altered upon the premises only in accordance with the plans and specifications and plot plan so approved and applicable governmental permits and requirements. Refusal of approval of plans, specifications and location plans, or any of them, may be based on any grounds, including purely aesthetic ones, which in the sole and uncontrolled discretion of said Architectural Control Board are deemed sufficient. Any change in the exterior appearance of any building, wall, fence or other structure or improvements, and any change in the appearance of screen enclosures, doors, windows, patios or patio extensions, hedges, landscaping, exterior paint or finish, awnings, shutters, hurricane protection, basketball hoops, swing sets or play equipment, decorative plaques or accessories, birdhouses, other pet houses, swales, asphaltting, and/or sidewalk/driveway surfaces or treatments shall be deemed an alteration requiring approval.

(c) The Architectural Control Board shall be a committee appointed by the Declarant for so long as it owns any portion of

the Properties, and thereafter, a committee appointed by the Board of Directors of the Association. Absent such appointment the Board shall serve in such capacity. The Architectural Control Board shall have the power to promulgate such rules and regulations as it deems necessary to carry out the provisions and intent of this Section 9. A majority of the Board may take any action the Board is empowered to take, may designate a representative to act for the Board and may employ personnel and consultants to act for it. In the event of death, disability or resignation of any member of the Board, the remaining members shall have full authority to designate a successor. The members of the Board shall not be entitled to any compensation for services performed pursuant to this covenant.

(d) The procedures for approval or disapproval by the Architectural Control Board are set forth in the Development Design Standards set forth in Exhibit "D" hereto, as the same are amended from time to time.

(e) In the event that any new improvement or landscaping is added to a Unit/Lot, or any existing improvement on a Lot is altered, in violation of this Section, the Association shall have the right (and an easement and license) to enter upon the applicable Lot and remove or otherwise remedy the applicable violation after giving the Owner of the Lot at least ten (10) days' prior written notice of, and opportunity to cure, the violation in question. The costs of such remedial work and a surcharge of a minimum of \$25.00 (but in no event more than thirty-five percent (35%) of the aforesaid costs) shall be a special assessment against the Lot, which assessment shall be payable upon demand and secured by the lien for assessments provided for in this Declaration.

(f) The approval of any proposed improvements or alterations by the Architectural Control Board shall not constitute a warranty or approval as to, and neither the Association nor any member or representative of the Architectural Control Board or the Board of Directors shall be liable for, the safety, soundness, workmanship, materials or usefulness for any purpose of any such improvement or alteration nor as to its compliance with governmental or industry codes or standards. By submitting a request for the approval of any improvement or alteration, the requesting Owner shall be deemed to have automatically agreed to hold harmless and indemnify the aforesaid members and representatives, and the Association generally, from and for any loss, claim or damages connected with the aforesaid aspects of the improvements or alteration.

(g) The Architectural Control board may, but shall not be required to, require that any request for its approval be accompanied by the written consent of the Owners of the Lots [up to five (5)] adjoining or nearby the Lot/Unit proposed to be altered or further improved as described in the request.

(h) The foregoing provisions shall not be applicable to Declarant or its affiliates or designees.

Section 8. ANTENNAS, AERIALS AND SATELLITE DISHES. No exterior antennas, aerials or satellite reception dishes of any kind shall be placed, allowed, or maintained upon any portion of a Lot or Dwelling Unit without the prior written approval of the Association.

Section 9. LANDSCAPING, PLAY EQUIPMENT.

(a) The Owner of each Lot containing a Dwelling Unit shall be required to maintain tasteful landscaping on his Lot, and on any contiguous property between his Lot and the pavement edge of any abutting road or the waterline of any abutting lake or canal, all in accordance with landscaping plans approved by the Association, which must be in accordance with the Development Design Standards. All such landscaping shall be maintained by the Owner in first class condition and, as reasonably required, mowing, watering, trimming, fertilizing, and weed, insect and disease control shall be performed by the Owner. All landscaped areas shall be primarily sodded with grass and shall not be paved or covered with gravel or any artificial surface without the prior written consent of the Association. All dead or diseased sod, plants, shrubs or flowers shall be promptly replaced, and excessive weeds, underbrush or unsightly growth shall be promptly removed.

(b) Should an Owner fail to adequately maintain the landscaping requirements imposed by this Declaration after fifteen (15) days notice to do so by the Association, the Association shall have the right to perform such maintenance and to assess such Owner for the cost of maintenance of the landscaping, including the creation and enforcement of assessments and liens.

Section 10. TREE REMOVAL. No trees which are left on the Lot at closing shall be removed without the express consent of the Association, except for (a) diseased or dead trees; and (b) trees needing to be removed to promote the growth of other trees. In the event of an intentional or unintentional violation of this Section, the violator may be required by the Board to replace the removed tree with one (1) or more trees of such size and number, and in such locations as the Board may determine in its sole discretion.

Section 11. SPRINKLER SYSTEM. A sprinkler system for irrigation, if any, shall be a manually operated underground sprinkler system and shall be connected to the water supply provided for by the local municipality.

Section 12. DRAINAGE. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner of any Lot may

obstruct or rechannel the drainage flows after installation of drainage swales, storm sewers, or storm drains are located.

Section 13. BASKETBALL EQUIPMENT, CLOTHESLINES, GARBAGE CANS, WOODPILES, ETC. Basketball hoops and backboards shall be permitted on a Lot if approved by the Board prior to installation and shall be located at the rear of the Lot behind the Dwelling Unit and, in the case of a corner Lot, shall be located in the portion of the Lot furthest from the side street. All clotheslines, garbage cans, woodpiles, air conditioners, bottled gas tanks, permanent affixed swimming pool equipment and housing, dog houses and other similar items shall be located behind the rear line of the Dwelling Unit and screened so as to be concealed from view of neighboring Lots, streets, and property located adjacent to the Lot. No structure shall be constructed without the prior written approval of the Board. All rubbish, trash, and garbage shall be regularly removed from the Lot and shall not be allowed to accumulate thereon.

Section 14. PORTABLE BUILDINGS. No portable, storage, temporary or accessory buildings or structures, or tents, shall be erected or located upon any Lot.

Section 15. SUBDIVISION OF LOT. No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Board. Declarant, however, reserves the right to replat or subdivide or combine any Lot or Lots. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations.

Section 16. GUNS. The use of firearms in the Neighborhood is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and small firearms of all types.

Section 17. SOLAR DEVICES. No artificial or manmade device which is designed or used for collection of or heating by solar energy or other similar purposes shall be placed, allowed, or maintained upon any portion of a Lot or Dwelling Unit, without the prior written consent of the Board or its designee.

Section 18. EXTERIOR COLORS. The exterior of all improvements, including, without limitation, residences, constructed, erected, allowed, or maintained upon any Lot must be painted or repainted in a color used by Declarant in the original construction and marketing of residences within the Neighborhood, without the prior written consent of the Board or its designee. The Board may issue guidelines detailing acceptable exterior colors.

Section 19. MAILBOXES. All mailboxes shall be of the same type as that originally installed by the Declarant, or approved by the Board.

Section 20. POOLS. No above-ground pools shall be erected, constructed or installed on any Lot. All exterior in-ground pools and above-ground and in-ground spas and jacuzzis must be approved prior to installation by the Board.

Section 21. AIR CONDITIONERS. No window or wall-mounted air conditioning units may be installed in or on any Dwelling Unit, without prior approval by the Board.

Section 22. LAND USE AND BUILDING TYPE. No lot shall be used except for residential purposes. No building constructed on a Lot shall be used except for residential purposes, or as a related garage, if applicable. No building shall be erected, altered, placed or permitted to remain on any Lot other than one Unit. Temporary uses by Declarant and its affiliates for model homes, sales displays, parking lots, sales offices and other offices, or any one or combination of such uses, shall be permitted until the permanent cessation of such uses takes place. No changes may be made in buildings erected by Declarant or its affiliates (except if such changes are made by Declarant) without the consent of the Architectural Control Board.

Section 23. OPENING BLANK WALLS; REMOVING FENCES. Without limiting the generality of Section 7 above, no Owner shall make or permit any opening to be made in any blank wall (except as such opening is initially installed) or masonry wall or fence. Further, no such building wall or masonry wall or fence, if any, shall be demolished or removed without the prior written consent of Declarant (so long as it owns any portion of The Properties) and the Architectural Control Board. Declarant shall have the right, but not be obligated, to assign all or any portion of its rights and privileges under this Section to the Association.

Section 24. VISIBILITY AT INTERSECTIONS. No obstruction to visibility at street intersections or Common Area intersections shall be permitted; provided that the Association shall not be liable in any manner to any person or entity, including Owners and Members Permittees, for any damages, injuries or deaths arising from any violation of this Section.

Section 25. PARKING ON COMMON AREAS AND LOTS/GARAGES. No vehicles of any type shall be parked on any portion of the Common Areas (including roadways) except to the extent, if at all, a portion(s) of the Common Areas is specifically designated for such purposes. All Owners and Members Permittees shall use at least one (1) space in their respective garages for the parking of a vehicle. In the event that such a party keeps a boat on a trailer (or some other vehicle or trailer) in the party's garage, the other space shall still be used for vehicular parking. Garage doors shall be kept closed at all times except when in actual use and during reasonably limited periods when the garage is being cleaned or other activities are being conducted therefrom which reasonably

require the doors to be left open. No parking shall be permitted on any portion of a Lot except its driveway and garage.

Section 26. FENCES, WALLS AND HEDGES. No fence, wall or other structure shall be erected on any Lot, and no hedge shall be planted, except as originally installed by Declarant or its affiliates or approved by the Architectural Control Board. In considering any request for the approval of a fence or wall or a hedge or other landscaping, the Architectural Control Board shall give due consideration to the possibility of same obstructing the view from any adjoining Lot or Common Area and may condition its approval on the hedge or other landscaping being kept to a specific height. All persons are advised that many fences and walls may be prohibited altogether or, if approved, may be subject to stringent standards and requirements.

Section 27. DRIVEWAY AND SIDEWALK SURFACES. No Owner shall install on a Lot, and the Architectural Control Board shall not approve, any sidewalk or driveway which has a surface material and/or color which is different from the materials and colors originally used or approved by the Declarant. Further, no Owner shall change any existing sidewalk or driveway in a manner inconsistent with this Section.

Section 28. ARTIFICIAL VEGETATION. No artificial grass, plants or other artificial vegetation, or rocks or other landscape devices, shall be placed or maintained upon the exterior portion of any Lot without the prior approval of the Architectural Control Board.

Section 29. EFFECT ON DECLARANT; SELECTIVE RELIEF. In general, the restrictions and limitations set forth in this Article shall not apply to Declarant or to Dwelling Units owned by the Declarant. Declarant shall specifically be exempt from any restrictions which interfere in any manner whatsoever with Declarant's plans for the development, construction, sale, lease or use of the Lots and to the Improvements thereon. Specifically and without limitation, Declarant and any other participating builder shall have the right to : (i) construct any buildings or improvements within the Property, and make any additions, alterations, improvements or changes thereto; (ii) maintain customary and usual sales, general office and construction operations on any Property; (iii) place, erect or construct portable, temporary or accessory buildings or structures upon any Property for sales, construction, storage or other purposes; (iv) temporarily deposit, dump or accumulate materials, trash, refuse and rubbish in connection with the development or construction of any Property; (v) post, display, inscribe or affix to the exterior of a Dwelling Unit or upon any Property, signs and other materials used in developing, constructing, selling or promoting any Property; and (vi) grow plants and trees upon the Property for later use and sell excess plants and trees. Declarant shall be entitled to injunctive relief for

any actual or threatened interference with its rights under this Article VII, in addition to whatever remedies at law it might be entitled to. The Association shall have the power (but not the obligation) to grant relief in particular circumstances from the provisions of specific restrictions contained in this Article VII for good cause shown.

Section 30. INSURANCE RATES. Nothing shall be done or kept on the Lots or Improvements thereon which will increase the rate of insurance on any property insured by the Association without the approval of the Board; nor shall anything be done or kept on the Lots or Improvements thereon which would result in the cancellation of insurance on any property insured by the Association.

Section 31. RULES AND REGULATIONS. The Association may adopt additional reasonable rules and regulations relating to the use and maintenance of the Lots, Parcels, Common Facilities and other Property. Rules and regulations relating to the recreational facilities within the Property may be posted at such recreational facilities. Copies of such rules and regulations and amendments shall be furnished by the Association to any Owner upon request.

ARTICLE VIII.

INSURANCE

Section 1. COMMON FACILITIES. The Association shall keep the Common Facilities and all fixtures and personal property located therein or thereon insured against loss or damage by fire for the full insurable replacement cost thereof; and (ii) flood in the maximum amount allowed by law, if necessary or required and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the Owner and beneficiary of such insurance. The insurance coverage with respect to the Common Facilities shall be written in the name of the Association and the proceeds thereof shall be payable to it. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are Common Expenses to be included in the Common Assessments made by the Association.

Section 2. REPLACEMENT OR REPAIR OF PROPERTY. In the event of damage to or destruction of any part of the Common Facilities, the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a Reconstruction Assessment against all Dwelling Units to cover the

additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other Common Assessments made against such Dwelling Unit Owners, subject to the provisions of Article V of this Declaration.

Section 3. WAIVER OF SUBROGATION. As to each policy of insurance maintained by the Association which will not be voided impaired thereby, the Association hereby waives and releases all claims against the Board, the Owners, Declarant, and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused negligence of, or breach of, any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

Section 4. LIABILITY AND OTHER INSURANCE. The Association shall obtain comprehensive public liability insurance, including medical payments and malicious mischief, insuring against liability for bodily injury, death and property damage arising from the activities of the Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each Owner against liability to each other Owner. The policy or policies shall be written in an amount of not less than \$1,000,000.00 combined single limit coverage for bodily injury and \$1,000,000.00 for property damage; provided, however that, in the event the cost of a \$1,000,000.00 liability policy becomes prohibitive, the Association may obtain such lesser coverage as is reasonably practical under the circumstances... The Association may also obtain Workmen's Compensation insurance and other liability insurance as it may deem desirable, insuring each Owner and the Association, and Board of Directors from liability in connection with the Common Facilities, the premiums for which shall be Common Expenses included in the Common Assessments made against the Dwelling Unit Owners. All insurance policies shall be reviewed at least annually by the Board of Directors and be increased or decreased in its discretion. The Board may also obtain such errors and omissions insurance, indemnity bonds, fidelity bonds and other insurance as it deems advisable, insuring the Board and any management company against any liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board or on any committee thereof.

ARTICLE IX.

MORTGAGEE PROTECTION CLAUSE

Section 1. ADDITIONAL RIGHTS. In addition to all other rights herein set forth and with respect to Improvements upon the Lots, Institutional Mortgagees shall have the following rights (and to the extent these added provisions conflict with any other provisions of the Declaration, these added provisions shall control):