DOCUMENT 2

DECLARATION OF COVENANTS, RESTRICTIONS

AND EASEMENTS FOR

COCO WOOD LAKES

SECTION 1 AND SECTION 4

DATED _____

This Declaration of Covenants, Restrictions and Easements for Coco Wood Lakes – Section 1 and Section 4 (hereinafter referred to as the "Declaration") is made this ____ day of ____ 1977 by Oriole Homes Corp., a Florida corporation, its successors and assigns (the "Developer").

WHEREAS, Developer is the owner in fee simple of the real property legally described in Exhibit A attached hereto and made a part hereof ("Coco Wood Lakes Land") and intends to develop thereon a residential community in four sections to be known as Coco Wood Lakes ("CWL"); and

WHEREAS, Developer intends that CWL shall ultimately contain four (4) sections to be known as "CWL Section 1," "CWL Section 2," "CWL Section 3," and "CWL Section 4," all as hereinafter defined; and

WHEREAS, Developer has established a land use plan for a portion of the CWL land described in Exhibits B and C hereto (the "Section 1 Land" and the "Recreation Area" respectively) and desires by this Declaration to provide for the preservation of the values and amenities of the Section 1 land and the Recreation Area; and to provide the "Owners" (as hereinafter defined) with certain recreation facilities which shall be located upon the Recreation Area. (As used herein, the term "Recreation Area" includes the real property comprising CWL Section 4 as well as the improvements now or hereafter located thereon); and

WHEREAS, Developer further desires by this Declaration to provide the Owners with an entranceway to the Section 1 Land and the Recreation Area by committing to the provisions of this Declaration the real property designated as Parcel S-1 on the proposed plat of CWL Section 2 attached hereto as Exhibit K (the "Section 2 Entrance Area"). (As used herein, the term Section 2 Entrance Area includes the real property shown as Parcel S-1 on Exhibit K as well as the improvements now or hereafter located thereon.

NOW THEREFORE, in consideration of the premises and covenants herein contained, Developer hereby declares that the Section 1 Land, the Recreation Area and the Section 2 Entrance Area, (hereinafter collectively referred to as the "Subject Property") shall be owned, held, used, transferred, sold, conveyed, demised and occupied subject to the covenants, restrictions, easements, reservations, regulations and burdens hereinafter set forth, all of which shall run with the Subject Property and any part thereof and which shall be binding on all parties having any right, title or interest in the Subject Property or any part thereof, their heirs, successors and assigns.

ARTICLE I

DEFINITIONS

The following words and phrases when used in this Declaration (unless the context should clearly reflect another meaning) shall have the following meaning:

1. "Coco Wood Lakes" (CWL) means the residential community planned for development in four (4) sections upon a parcel of land (the "Coco Wood Lakes Land") lying in the East 1/2 of Section 15, Township 46 South, Range 42 East of Palm Beach County, Florida, more particularly described on Exhibit A attached hereto.

2. CWL Section 1 means the initial section of CWL consisting of the Section 1 Land, more particularly described on Exhibit B attached hereto, which is committed to the terms and provisions of this Declaration, together with any improvements now or hereafter located thereon.

3. CWL Section 2 means a subsequent section of CWL consisting of that portion of the CWL land more particularly described on Exhibit D attached hereto (the "Section 2 Land"), which may be committed to development by the Developer as hereinafter set forth in Article II hereof, together with any improvements now or hereafter located thereon.

4. CWL Section 3 means a subsequent section of CWL consisting of that portion of the CWL land more particularly described on Exhibit E attached hereto (the "Section 3 Land"), which may be committed to development by the Developer as hereinafter set forth in Article II hereof, together with any improvements now or hereafter located thereon.

5. CWL Section 4 means the portion of CWL known as the "Recreation Area," more particularly described on Exhibit C attached hereto which is committed to the terms and provisions of this Declaration, together with any improvements now or hereafter located thereon.

6. "Plats" mean the documents described as CWL Section 1 (the "Section 1 Plat") and CWL Section 4 (the "Section 4 Plat") recorded in the Public Records of Palm Beach County, Florida, in Plat Book ___, page __, and Plat Book __, page __, respectively, in which the Section 1 Land is described and subdivided, and in which the Recreation Area is described, a copy of each of which is attached hereto as Exhibit F and hereby made a part hereof.

7. "Association" means the Coco Wood Lakes Association, Inc.

8. "Lot" means one of the lettered and numbered parcels of land into which the Section 1 Land has been subdivided on the Section 1 Plat and upon which the Developer intends to construct or has constructed a residence (as hereinafter defined).

9. "Owner" means the owner or owners of the fee simple title to a Lot and includes Developer for so long as it is the owner of any Lot.

10. "Lake Lot" means a lot upon which is located a portion of the Water Retention, Lake, and Recreation Easement as shown on the Section 1 Plat and as more particularly described in Paragraph A. 3 of Article VI hereof.

11. "Lake Lot Owner" means the owner of a Lake Lot.

12. "Easement Areas" means the Water Retention, Lake, and Recreation Easement as shown on the Section 1 Plat and as shall be shown on the plats of CWL Section 2 and CWL Section 3 if and when such plats are recorded.

13. "Residence" means the residential dwelling structure constructed upon a Lot in accordance with this Declaration.

14. "Developer" means the Oriole Homes Corp., its successors and assigns.

15. "Institutional Mortgagee" means any lending institution having a first mortgage lien upon a Lot, including any of the following institutions: an insurance company or subsidiary thereof, a Federal or State savings and loan association, a Federal or State building and loan association, and a bank or real estate investment trust or mortgage banking company doing business in the State of Florida.

16. "Association Expenses" means the expenses payable by the Owners to the Association as shall be set forth in this Declaration and shall include the following:

(a) "Recreation Area Expenses" which means and includes expenses incurred or to be incurred by the Association with regard to the ownership, operation, administration, maintenance

and repair of the Recreation Area or any part thereof and includes the expenses specifically referred to in this Declaration as "Recreation Area Expenses."

(b) "Entrance Expenses" which means and includes expenses incurred or to be incurred by the Association with regard to the ownership, operation, administration, maintenance and repair of the Entrance Areas (as defined in Article II.C herein) or any part thereof and includes the expenses specifically referred to in this Declaration as "Entrance Expenses."

(c) "Lake Expenses" which means and includes expenses incurred or to be incurred by the Association on behalf of Lake Lot Owners with regard to the operation, administration, maintenance and repair of the Easement Areas under the provisions of this Declaration. Notwithstanding the fact that Lake Expenses are part of the Association Expenses, Lake Expenses are payable by only the Lake Lot Owners and the decision to incur Lake Expenses rests solely with the Lake Lot Owners, all as hereinafter provided.

(d) "Street Light Expenses" which means and includes expenses incurred or charges levied by the Association in connection with street lights, if installed in CWL Section 1 and/or CWL Section 4, including expenses specifically referred to as "Street Light Expenses" in this Declaration.

17. "Board" means the Board of Directors of the Association.

18. "Articles" means the Articles of Incorporation of the Association, a copy of which is attached hereto as Exhibit G.

19. "By-Laws" means the By-Laws of the Association, a copy of which is attached hereto as Exhibit H.

20. "Documents" means in the aggregate this Declaration or the Declarations as hereinafter defined in Article II. A herein), the Articles, By-Laws and all of the instruments and documents referred to or incorporated therein or attached thereto.

ARTICLE II

OVERALL PLAN OF DEVELOPMENT OF CWL,

RECREATION AND ENTRANCE AREAS

A. Plan for the development of CWL:

Developer intends to develop CWL in four (4) sections, the first two sections being CWL Section 1 and CWL Section 4 as shown on the Plats. The various covenants, restrictions and easements regarding CWL Section 1 and CWL Section 4 are set forth in this Declaration. If and when Developer decides to develop either or both of CWL Section 2 and CWL Section 3, which decision shall be at the Developer's sole discretion, the various covenants, restrictions and easements for each of those sections shall be set forth in separate Declarations of Covenants, Restrictions and Easements (hereinafter singularly referred to as the "Section 2 Declaration" and the "Section 3 Declaration" respectively and collectively with this Declaration as the "Declarations"). CWL Section 1 is planned to contain one hundred forty-five (145) Lots to be developed as detached, single-family homes; CWL Section 2 is planned to contain one hundred forty-six (146) Lots; CWL Section 3 is planned to contain one hundred two (102) Lots; CWL Section 4 is planned to contain the Recreation Area. Since Developer intends to develop all four (4) sections as one community which shall be governed by the Association, it is intended that the Section 2 Declaration and the Section 3 Declaration shall contain provisions which are substantially the same as set forth in this Declaration. Notwithstanding the fact that Developer intends to develop CWL Section 2 and CWL Section 3 as aforesaid, Developer may, at its option, choose to commit these sections to a land use other than detached, single-family homes, such as for residential, multi-family buildings or townhouses or otherwise. In that event, the Section 2 Declaration and/or the Section 3 Declaration, whichever may be applicable, will contain covenants, restrictions and easements which are specifically applicable to the plan of development and land usage for that particular section. The determination of whether CWL Section 2 and CWL Section 3 shall be governed by the Association, shall be in Developer's sole discretion. The residential units which may be located upon the Section 2 and Section 3 Land, if submitted to a land use plan, whether or not submitted by Developer, which provides for such land areas to be governed by the Association, are for the convenience referred to as "Dwelling Units" and the owners of same are hereinafter referred to as "Dwelling Unit Owners."

B. Recreation Area:

CWL Section 4 (the "Recreation Area") has been set aside for recreational purposes and shall be available for the use of all of the Owners, Dwelling Unit Owners, if any, and their family members, licensees, lessees, invitees and guests. The Owners shall have the obligation to maintain and the right to use the Recreation Area, which obligation and right shall be equal to the obligation and right of all future Dwelling Unit Owners to maintain and use the Recreation Area provided, however, that the total number of residential dwelling units in CWL which shall be entitled to use the Recreation Area shall not exceed four hundred (400).

The Recreation Area shall contain approximately five (5) acres more or less, which is more particularly described on Exhibit C hereto, and will contain a swimming pool, bath house and six (6) shuffleboard courts (collectively, the "Initial Recreation Area"), the costs of construction of which shall be borne by Developer. In addition, in the event the Developer enters into binding contracts for the sale of seventy-five (75) Lots, the Developer shall also construct a clubhouse (the "Clubhouse") on the Recreation Area, the costs of construction shall be borne by Developer. Developer shall commence construction of the Clubhouse in sufficient time after the signing of the seventy-fifth contract for purchase and sale of a Lot by Developer in order that the Clubhouse will be ready for use within one (1) year of the date of the seventy-fifth contract, provided however, that this time period may be extended by delays incurred by circumstances beyond the Developer's control, such as acts of God, strikes, shortages and catastrophes which interfere with Developer or any manufacturer, material-man, contractor or supplier of Developer in the construction of the Clubhouse. The improvements which shall comprise the Initial Recreation Area and the Clubhouse are set forth on Exhibits I and J hereto, respectively.

Developer agrees that it shall convey to the Association fee simple title in and to the Recreation Area (which includes the Initial Recreation Area and Clubhouse, if any) subject to the following: (a) the terms and provisions of the Declarations which are then of record; (b) real estate taxes for the year of such conveyance and subsequent years; (c) applicable zoning ordinances; (d) such facts as an accurate survey may show; and (e) all easements, reservations, and restrictions of record. The Developer reserves the right to convey portions of the Recreation Area from time to time to the Association; however conveyance of the entire Recreation Area to

the Association shall be completed upon the "Transfer Date" which shall be the earlier of the following:

(i) the occurrence of the "Initial Election Meeting" as described in the Articles; or

(ii) when the Developer shall determine that the development of CWL has been completed.

C. Entrance Areas

Developer has set aside the Section 2 Entrance Area as an entranceway for various portions of CWL and has subjected the Section 2 Entrance Area to the provisions of this Declaration. In addition, Developer intends that other portions of the CWL land ("Additional Entrance Areas") shall be set aside as entranceways and landscaped in order to beautify CWL. Developer intends that the Additional Entrance Areas will be submitted to a plan of development if and when the Section 2 Declaration and the Section 3 Declaration are recorded, which recordings shall be at the sole discretion of Developer. (The Section 2 Entrance Area and the Additional Entrance Areas shall for convenience hereinafter be referred to collectively as the "Entrance Areas.") The costs of construction of the Entrance Areas shall be borne by the Developer and the Owners shall have a right and an obligation, which shall be equal to the right and obligation of the owners of the lots within CWL –Section 2 and Section 3- to use and maintain the Entrance Areas.

Developer agrees that it shall convey to the Association fee simple title in and to the Section 2 Entrance Area subject to the following: (a) the terms and provisions of the Declarations which are then of record; (b) real estate taxes for the year of such conveyance and subsequent years; (c) applicable zoning ordinances; (d) such facts as an accurate survey may show; and (e) all easements, reservations, and restrictions of record. The conveyance of the Section 2 Entrance Area shall be completed upon the Transfer Date. In addition, if the Section 2 Declaration and the Section 3 Declaration are recorded, they shall provide for the Association to be the eventual owner of the Entrance Areas. In the event that (i) Developer commits the Section 2 Land and/or the Section 3 Land to other land uses as hereinbefore provided and such lands contain entrance areas; and (ii) Developer determines to provide in the land use plan that the Section 2 Land and/or the Section 3 Land, as the case may be, shall be subject to the jurisdiction of the Association, then the Owners shall have a right and obligation, which shall be equal to the

right of Dwelling Unit Owners, to use and maintain such Entrance Areas and such Entrance Areas shall, for all purposes, be deemed to be Entrance Areas.

Notwithstanding the foregoing, nothing contained in this Declaration shall be deemed to be a representation or undertaking by Developer to record the Plats for CWL Section 2 and/or Section 3, the Section 2 and or Section 3 Declarations, or to construct the Additional Entrance Areas.

ARTICLE III

LAND USE OF COCO WOOD LAKES – SECTION 1

Developer declares that the Subject Property, each Lot and any Residence, shall at all times be used, constructed, occupied and held subject to the following land use covenants as follows:

1. Residential Use Only: All Lots shall be for residential use only and only detached homes approved in accordance with Article V ("Architectural Control") may be constructed thereon. No commercial or business occupations may be conducted on Subject Property except for the construction , development and sale or rental of Residences by Developer. Included within the meaning of commercial or business occupations is the leasing or renting of any Lot or Residence for a period of less than ninety (90) days and leasing or renting of any Lot or Residence more than twice in a twelve (12) month period. No structure of a temporary character, trailer, tent or other "out-buildings" may be erected or located on a Lot, except for a construction shack or temporary toilet during construction of a Residence. No structure of a temporary character may be used as a Residence.

2. Mining or Drilling: There shall be no mining, quarrying or drilling for oil or other minerals undertaken within any portion of the Subject Property.

3. Nuisances: No Owner shall cause or permit to come from his residence any unreasonable or obnoxious noises or odors and no nuisances or immoral or illegal activities shall be permitted on Subject Property.

4. Animals and Pets: An Owner may keep common household pets on his Lot or in his Residence, but not for the purpose of breeding or for any commercial purpose. No other animals, livestock or poultry of any kind shall be kept, raised or bred upon any portion of the Subject Property.

5. Clotheslines: Outdoor clotheslines and outdoor clothes drying activities are prohibited on the Subject Property, unless they are located entirely within or behind a landscaped screen (or other protective enclosure approved by the Board) so that they are concealed from the view of the streets or adjacent Lots.

6. Increase in insurance rates: No Owner may engage in any action which may reasonably be expected to result in an increase in the rate of any insurance policy or policies covering any portion of the Subject Property.

7. Antennas and Aerials: No antennae or aerial of any sort shall be placed upon the exterior of a Residence, except such antennas or aerials as the Association may, in its sole discretion, determine.

8. Garbage: No garbage, trash, refuse or rubbish shall be deposited, dumped or kept on any part of the Subject Property except in closed containers, dumpsters, or any other sanitary garbage collection facilities and proper-sized, closed plastic bags for curbside pick-up are required. All containers, dumpsters and garbage facilities shall be screened from view and kept in a clean and sanitary condition; no noxious or offensive odors shall be permitted; and no refuse shall be allowed to accumulate so as to be detrimental to the Subject Property.

9. Parking Limitations: Except for trailers for boats not exceeding eighteen (18) feet in length and pickup trucks and small panel trucks, there shall be no trailers, boats, campers, motor homes or commercial vehicles parked or stored within the Subject Property without the prior written consent of the Board.

10. Signs: No sign of any kind shall be displayed to the public view of any Lot or Residence except a professional sign of not more than one square foot, advertising that Lot or Residence for sale or rent, and except such signs deemed necessary by Developer in the construction , development and sales operations of CWL, and except such signs as the Association may from time to time approve in writing.

11. No Further Subdivision: The Lots shall not be further subdivided.

12. Water Supply: No individual water supply system shall be permitted on any Lot unless such system is located, constructed and equipped in accordance with the requirements, standards, and recommendations of Palm Beach County. Approval of such system as installed shall be obtained from such authority.

13. Sewage Disposal: No individual sewage disposal system shall be permitted on any lot.

14: Age Limitation: No person shall be permitted to permanently reside in a Residence who is under the age of sixteen (16) years. Permanently reside shall mean the occupancy of a Residence for more than ninety (90) days in any twelve (12) month period.

ARTICLE IV

RESIDENTIAL CONSTRUCTION

A. Sales Price: No Residence shall be constructed on any Lot unless the intended sales price of that Residence is Thirty Thousand Dollars ($30,000) or more. The sales price is based upon cost levels prevailing at the date of this Declaration. It is the intention and purpose of this covenant to assure that all Residences shall be of a quality of workmanship and materials substantially the same or better than that produced on the date of this Declaration at the minimum cost stated herein for the minimum permitted Residence.

B. Residence Size: A Residence shall contain not less than 1,000 square feet under roof, exclusive of porches, patios, carports and garages. For the purpose of this covenant, eaves, steps and open porches shall not be considered as part of a Residence provided, however, that this shall not be construed to permit any portion of a Residence on a Lot to encroach upon another Lot.

C. Set-Backs: No Residence shall be located on any Lot except in accordance with the set-back lines for front yard, side line and street side line as set forth in the Section 1 Plat.

D. Destruction to Residence: In the event a Residence is damaged or destroyed by casualty, hazard or other loss, then within a reasonable period of time after such incident, the Owner thereof shall either commence to rebuild or repair the damaged Residence or promptly clear the damaged improvements and grass over and landscape the lot in a sightly manner.

ARTICLE V

ARCHITECTURAL CONTROL

No Residence, fence, wall or other structure shall be commenced, erected or maintained upon the Section 1 Land, nor shall any exterior addition to, or change or alteration therein, be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board.

In the event the Board fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, then approval shall be deemed granted and this Article shall be deemed to have been fully complied with; provided the size and location of the Residence, fence, wall or other structure are not in violation of any other of the covenants and provisions of this Declaration.

ARTICLE VI

GRANTS AND RESERVATIONS OF EASEMENTS

A. Reservations granted and reserved hereunder by Developer – Developer hereby grants and reserves the following easements on Subject Property:

1. An easement or easements on, upon, across, through and under the Subject Property (which easement may include reasonable rights of access for persons and equipment necessary to accomplish such purposes), to provide service and repair and maintain the equipment required to provide utility services including without limitation, power, electric, light, telephone, cable television, gas, water, sewer and drainage and any other utility or service upon or for the benefit of any part of the Subject Property provided, however, no such easements will be granted with respect to any part of a Lot lying beneath a Residence after the construction thereof.

2. An easement or easements on, upon, across, through and under the Subject Property (which easement may include reasonable rights of access for persons and equipment necessary to accomplish such purposes), to construct, service or repair any Residence provided, however, no such easements will be granted with respect to any part of a Lot lying beneath a Residence after the construction thereof.

3. Easement Areas (as defined in Article I, No. 12) of the following Lots (collectively, the "Lake Lots") to the extent delineated on the Section 1 Plat: Block A, Lots 7 through 16 (both inclusive) and Lot 30; and Block F, Lots 10 through 22 (both inclusive), are subject to the following easements:

(a) An easement for water retention, drainage and flowage and for the location and maintenance of such facilities as may be necessary to provide for the flowage and drainage of water to and from the Subject Property; and

(b) An easement to the Lake Lot Owners for open area and recreation purposes in which no structures or permanent improvements of any type whatsoever shall be

located in the Easement Areas. Those portions of the Lake Lots upon which are located the Easement Areas and which are not covered by water shall be grassed and landscaped and shall be maintained by the respective Lake Lot Owners as hereinafter provided in Article VIII so as to provide an area of greenery and landscaping within the Section 1 Land. Access to and use of the Easement Areas are hereby reserved exclusively for the Lake Lot Owners.

4. A twenty (20) foot drainage flow easement, as shown on the Section 1 Plat, to the Association to provide service and repair and to maintain the equipment required for such drainage flow easement.

5. A limited access easement in favor of Palm Beach County, as shown on the Section 1 Plat, to prevent Owners from entering and exiting their Lots except over the prescribed routes.

6. In addition to the foregoing easements, other drainage areas and utility and maintenance easements are reserved as shown on the Section 1 Plat.

B. Easements to be granted by Developer: The Owners, by their acceptance of a deed of conveyance for their respective Lots, authorize Developer, for a period of three (3) years from the date hereof, to execute on their behalf and without further authorization such grants of easement or other instruments as may be necessary from time to time to grant easements over and upon the Lots or any portion thereof in accordance with the provisions of this Declaration.

ARTICLE VII

MAINTENANCE OF RESIDENCE AND LOT

In order to further establish and preserve CWL Section 1, the Owners covenant that they shall at all times maintain the exterior portions of their respective Residences and Lots, including lawns, shrubbery and landscaping, in a neat, aesthetically pleasing and proper condition. In the event any Owner fails to maintain his Residence and Lot pursuant to these covenants ("Defaulting Owner"), the Association shall have the right and obligation upon thirty (30) days' written notice, to enter the property of the Defaulting Owner for the purpose of performing the maintenance described in the written notice. The cost of performing such maintenance and the expenses of collection (if any), including court costs and reasonable attorneys' fees at all trial and appellate levels, shall be assessed upon the Defaulting Owner and shall become a lien upon the Lot of the Defaulting Owner. Said lien shall be effective only from and after the time of recordation amongst the Public Records of Palm Beach County, of a written, acknowledged

statement signed by the President or Vice-President of the Association setting forth the amount due. Upon full payment of all sums secured by that lien, the party making payment shall be entitled to a recordable satisfaction of lien.

ARTICLE VIII

MAINTENANCE OF EASEMENT AREAS

A. The Lake Lot Owners covenant that they shall at all times maintain their respective Lake Lots up to the banks of the water located upon Easement Areas in a properly mowed and trimmed condition. In the event that any Lake Lot Owner fails to maintain his Residence and Lake Lot pursuant to these covenants ("Defaulting Lake Lot Owner"), the Association shall have the right and obligation upon thirty (30) days' written notice, to enter the property of the Defaulting Lake Lot Owner for the purpose of performing the maintenance described in the written notice. The cost of performing such maintenance and the expenses of collection (if any), including court costs and reasonable attorneys' fees at all trial and appellate levels, shall be assessed upon the Defaulting Lake Lot Owner and shall become a lien upon the Lot of the Defaulting Lake Lot Owner. Said lien shall be effective only from and after the time of recordation amongst the Public Records of Palm Beach County, of a written, acknowledged statement signed by the President or Vice-President of the Association setting forth the amount due. Upon full payment of all sums secured by that lien, the party making payment shall be entitled to a recordable satisfaction of lien.

B. The Association shall maintain those portions of the Easement Areas as are covered by water in such a condition as will permit the free flow of any water located thereon. The cost to the Association of maintaining the Easement Areas are Lake Expenses and shall be assessed equally against the Lake Lot Owners as part of and at the same time as the other Association Expenses pursuant to the applicable provisions of Article X hereof, provided however, that the determination of whether to incur any Lake Expenses rests solely with the Lake Lot Owners and not the Owners in general.

ARTICLE IX

INSTALLATION AND MAINTENANCE OF STREET LIGHTS

In the event that Developer or the Association determines to install street lights in CWL Section 1 and/or CWL Section 4, then Developer, in the event it makes the determination or the Association makes the determination prior to the "Initial Election Meeting," as defined in Article

XI, or the Owners (on a pro rata basis in the manner set forth in the next succeeding paragraph for "Street Light Expenses" in the event the Association – at or after the Initial Election Meeting- makes the determination), shall bear the costs of the installation.

If the Association (at or after the Initial Election Meeting) makes the determination to install street lights in CWL Section 1 and/or CWL Section 4, there is hereby imposed upon each Owner (including Developer so long as it is an Owner), the affirmative covenant and obligation to pay to the Association a pro rate share of the costs of installation, which share is determined by dividing such costs by the number of Lots in CWL. In the event the street lights are installed, there is hereby imposed upon each Owner, the affirmative covenant and obligation to pay to the Association any and all expenses ("Street Light Expenses") incurred or charges levied in connection with the street lights, if any, located upon the roadways or drives of CWL, including all charges of any utility company providing electricity for such street lights or any other type of service charge and any charges necessary to maintain, repair or replace any street lights which may be damaged for any reason whatsoever. Such Street Light Expenses are Association Expenses and shall be apportioned among the Owners according to their pro rata shares pursuant to Article X. Subparagraph B herein.

ARTICLE X
ASSOCIATION EXPENSES,
METHOD OF DETERMINING ASSESSMENTS;
RECREATION AREA OBLIGATIONS; and
ENTRANCE AREA OBLIGATIONS

A. Association Expenses: The costs and expenses incurred by the Association with regard to the ownership, operation, maintenance and/or repair of the Entrance Areas ("Entrance Area Expenses") shall be Association Expenses. Entrance Area Expenses shall be payable to the Association on an equal basis by the Owners and all Dwelling Unit Owners, if any. In addition, all costs and expenses incurred by the Association with regard to the ownership, operation, maintenance and/or repair of the Recreation Area ("Recreation Area Expenses") shall be Association Expenses. Recreation Area Expenses shall be payable to the Association on an equal basis by the Owners and all Dwelling Unit Owners, if any.

In furtherance of the foregoing, there is hereby imposed upon each Lot and its Owner the affirmative covenant and obligation to pay to the Association, and upon the Association the

obligation to assess, collect and expend, the Association Expenses as those expenses are more fully set forth and described as follows:

1. Taxes: Any and all taxes levied or assessed at any and all times upon the Recreation Area and the Entrance Areas by any and all taxing authorities, including all taxes, charges, assessments and impositions and liens for public improvements, special charges and assessments and, in general, all taxes and tax liens which may be assessed against such areas and against any and all personal property and improvements which are now or which hereafter may be placed thereon, including any interest, penalties and other charges which may accrue on such taxes.

2. Utility Charges: All charges levied for utilities providing services for the Recreation Area and the Entrance Areas whether supplied by a private or public firm including, without limitation, all charges for water, gas, electricity, telephone, sewer and any other type of utility or any other type of service charge.

3. Liability Insurance: The costs of the policy or policies of insurance in the form generally known as Public Liability and/or Owners' policies insuring the Association against any and all claims and demands made by any person or persons whomsoever for injuries received in connection with the operation and maintenance of the Recreation Area and the Entrance Areas and improvements and/or buildings located thereon, or for any other risk insured against such policies which the Association, in its sole discretion, determines to insure against. Each policy purchased by the Association shall have limits of not less than $1,000,000.00 covering all claims for personal injury and property damage arising out of a single occurrence. The coverage of the liability insurance policies purchased by the Association shall include protection against water damage liability, liability for non-owned and hired automobiles, liability of hazards related to usage and liability for property of others.

4. Other Insurance: The costs of the policy or policies of insurance to allow the Association to insure any and all buildings or improvements now located or which may hereafter be located, built or placed upon the Recreation Area and the Entrance Areas, against loss or damage caused by or resulting from at least the following: fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, windstorm, vandalism, malicious mischief, water damage, debris removal and cost of demolition, and such other risks as the Board shall determine are customarily covered with respect to similar

improvements. The policy or policies purchased by the Association shall be in an amount equal to the full replacement value (i.e., 100% of current "replacement cost" exclusive of land, foundation, excavation and other items normally excluded from coverage) of the buildings or improvements of the Endorsement" or its equivalent with an "Agreed Amount Endorsement" or its equivalent, a "Demolition Endorsement" or its equivalent and an "Increased Cost of Construction Endorsement" or "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent.

5. Miscellaneous Insurance: The costs of premiums of such forms of insurance and in such coverages as the Association shall determine for the protection and preservation of the Recreation Area and the Entrance Areas. Such insurance may include, without limitation, workmen's compensation insurance and flood insurance.

6. Reconstruction of Buildings and Improvements: Any and all sums necessary to repair, replace, construct or reconstruct ("Repair") any buildings or improvements on the Recreation Area and the Entrance Areas damaged by any casualty to the extent insurance proceeds are insufficient for Repair. Any difference between the amount of insurance proceeds received on behalf of the Association with respect to such damage and the amount of funds necessary to Repair ("Repair Sums") shall be an Association Expense for which the Association shall levy a special assessment against all Owners and Unit Dwelling Owners, if any, to obtain the funds necessary to pay for such Repair Sums within ninety (90) days from the date such damage was incurred. The Association shall establish an account with a federal or state commercial or savings bank or savings and loan association located in Palm Beach County and deposit into such account all Repair Sums and all insurance proceeds collected by an insurance trustee, if any, so that the amount on deposit will equal the cost of Repair. The Association shall go forward with all deliberate speed so that the Repair shall be completed within one (1) year from the date of the damage.

7. Maintenance, Repair and Replacement: Any and all expenses necessary to (a) maintain and preserve the Recreation Area and the Entrance Areas, including such expenses as grass cutting, tree trimming, sprinkling and the like; and (b) keep, maintain, repair and replace any and all buildings, improvements, personal property and furniture, fixtures and equipment upon such areas in a manner consistent with the structures and improvements contained thereon, the covenants and restrictions contained herein and all orders, ordinances, rulings and regulations

of any and all federal, state and city governments having jurisdiction there over, as well as the statutes and laws of the State of Florida and the United States.

8. Operational Expenses: The costs of administration for the Association, including any secretaries, bookkeepers and other employees necessary to carry out the obligations and covenants of the Association under the Declarations, notwithstanding the fact that some of these services may be expended in providing services to or collecting sums owed by particular Lots. In addition, the Association may retain a managing company or contractors to assist in the operation of CWL and to perform or assist in the performance of certain obligations of the Association hereunder. The fees or costs of any management company or contractor so retained shall be deemed to be part of the Association Expenses.

9. Fidelity Coverage: The costs to the Association of purchasing adequate fidelity insurance or bonds to protect against dishonest acts on the part of officers, directors, trustees, agents and employees of the Association and all other persons who handle, or who are responsible for handling funds of the Association. Such fidelity insurance shall meet the following requirements:

(a) all such fidelity insurance or bonds shall name the Association as an obligee; and

(b) such fidelity insurance or bonds shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association including, the "Capital Contributions" hereinafter described; and

(c) such fidelity insurance or bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and

(d) such fidelity insurance or bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty days' (30) prior written notice to the servicer or the insured.

10. Indemnification: The costs to the Association to indemnify and save harmless Developer from and against any and all claims, suits, actions, damages and/or causes of action arising from any personal injury, loss of life and/or damage to property sustained in or about the Recreation Area and the Entrance Areas or the appurtenances thereto or arising out of the installation or operation of the street lights in CWL from and against all costs, counsel fees,

expenses and liabilities incurred in and about any such claim, the investigation thereof or the defense at any levels of any action or proceeding brought thereon, and from and against any orders, judgments and/or decrees which may be entered therein. Included in the foregoing provisions for indemnification are any expenses that Developer may be compelled to incur in bringing suit for the purpose of enforcing rights hereunder, or for the purpose of compelling the specific enforcement of the provisions, conditions, covenants and restrictions contained in the Declarations to be kept and performed by the Association and/or the Owners, including payment of Association Expenses.

Further, the costs to the Association of indemnifying its officers and members of the Board for all costs and expenses whatsoever incurred in the pursuance of their duties, obligations and functions hereunder and in any legal defense of such actions (including without limitation, counsel fees and costs at all levels of any trial or proceeding, costs of investigation and discovery, any recovery, etc.).

Nothing in the provisions of this subparagraph shall require an Institutional Mortgagee to pay an Association Expense or portion thereof attributable to costs to the Association to indemnify and save harmless Developer in accordance with such subparagraph. Any such Association Expenses shall be reallocated amongst the Owners other than the Institutional Mortgagees.

11. Reserve Funds: The costs to establish an adequate reserve fund for replacement and/or capital refurbishment of facilities and amenities contained in the Recreation Area and the Entrance Areas (the "Capital Contributions") in amounts determined proper and sufficient by the Board. Each Owner acknowledges, understands and consents that Capital Contributions are the exclusive property of the Association as a whole and that no Owner shall have any interest, claim or right to any such Capital Contribution or fund composed of the same. The Association shall be responsible for maintaining the Capital Contributions in a separate reserve account and to use such funds only for capital costs and expenses as aforesaid.

12. Special Assessments: Any special assessments as shall be levied by the Board as a result of (a) extraordinary items of expense under the Declarations other than those contemplated by Capital Contributions; and (b) the failure or refusal of other Owners to pay assessments of Association Expenses; and (c) such other reason or basis determined by the Board which is not inconsistent with the terms of any of the Documents.

13. Miscellaneous Expenses:

A. The costs of all items of expense pertaining to or for the benefit of the Recreation Area, Entrance Areas, Easement Areas and street lights, if any, or any part thereof, not herein specifically enumerated and which is determined to be an Association Expense by the Board.

B. Method of Determining Assessments: The "Assessments" (as hereinafter defined) for Association Expenses shall be levied and paid for as follows:

1. It is hereby declared and all Owners and the Association agree that the Association Expenses shall be paid by the Association out of funds assessed and collected from and paid by all Owners and all Dwelling Unit Owners, if any. Notwithstanding anything which may be contained herein to the contrary, (a) until CWL Section 2 and/or CWL Section 3 have been committed to a specific land use by the Developer by the recording of the Section 2 Declaration and/or the Section 3 Declaration, or otherwise, the Developer shall not be required to contribute any amounts for Association Expenses with respect to CWL Section 2 and/or CWL Section 3; and (b) until September 30, 1979, the Developer shall not be required to contribute any amounts for Association Expenses with respect to Lots it owns in CWL Section 1. Rather, except as set forth below, the Developer guarantees that notwithstanding what the total amount of Association Expenses may be, until September 30, 1979, all Owners other than the Developer shall be required to pay as Association Expenses only $____ per calendar quarter (the "Guaranteed Amount") and the Developer will make up the difference, if any, between the actual Association Expenses incurred and the sums collected from Owners other than Developer. The Guaranteed Amount does not include the costs of maintaining the Clubhouse and, therefore, in the event the Clubhouse is completed and read for use prior to September 30, 1979, Owners other than the Developer shall be required to contribute as Association Expenses, their pro rata share of the costs of maintaining the Clubhouse. Commencing on October 1, 1979, all Owners, including the Developer, will be required to contribute their pro rata share of Association Expenses.

2. As provided in the By-Laws of the Association commencing with October 1,1979, the Board shall prepare an estimated annual budget which shall reflect the estimated Association Expenses. Thereupon, the Board shall allocate an equal share of the Association Expenses to all Lots and Dwelling Units, if any, located in CWL,

whether all Lots and Dwelling Units include those in CWL Section 1 and/or CWL Section 2 and/or CWL Section 3; provided, however, that if Developer provides for a guaranteed amount of Association Expenses for Dwelling Units in the Section 2 Declaration and/or the Section 3 Declaration, the number of Lots and Dwelling Units in CWL for the purpose of determining an equal share of Association Expenses shall be the total number of Lots in CWL owned by Owners other than Developer and Developer shall not be required to contribute any amounts for Association Expenses with respect to Lots it owns in the section or sections of CWL for which a guaranteed amount is in effect. Upon expiration of the period, if any, for which a guaranteed amount is applicable to CWL Section 2 and CWL Section 3, the number of Lots and Dwelling Units in CWL for the purpose of determining an equal share of Association Expenses shall be the total number of Lots and Dwelling Units in CWL. Notwithstanding the foregoing, only Lake Lot Owners shall be responsible for Lake Expenses and only they shall be assessed for same.

3. The Assessments shall be adjusted quarterly to allow for any change in the amount of Association Expenses and any increase in the number of Lots and Dwelling Units, if any, in CWL. The adjustment shall be made by dividing the total anticipated Association Expenses for the remainder of the calendar year (as determined by the Board) by the number of Lots and Dwelling Units, if any, located in CWL as of fifteen (15) days prior to the end of the quarter and dividing the quotient by the number of quarters remaining. The Assessments may also be adjusted quarterly in instances where the Board determines that the estimated Association Expenses are insufficient or more than is required to meet the actual Association Expenses incurred.

4. The Assessments shall be payable no less frequently than quarterly, in advance, on the first day of each quarter or otherwise as the Board may determine.

C. Recreation Area Obligations: As set forth in the preceding paragraphs of this Article X, the Association has the obligation to maintain the Recreation Area and to collect the Recreation Area Expenses necessary therefor, notwithstanding the fact that the Association shall not own the Recreation Area until the Transfer Date.

The obligations to collect Recreation Area Expenses and to spend same in connection with the maintenance and operation of the Recreation Area pursuant to this Declaration are herein referred to "Recreation Area Obligations." The Association shall perform the Recreation Area Obligations faithfully and punctually.

D. Entrance Area Obligations: As set forth in the preceding paragraphs of this Article X, the Association has the obligation to maintain the Entrance Areas and to collect the Entrance Area Expenses necessary therefor, notwithstanding the fact that the Association shall not own the Entrance Areas until the Transfer Date.

ARTICLE XI

ESTABLISHMENT AND ENFORCEMENT OF LIENS

A. Liens: Any and all assessments for Association Expenses, whether for Recreation Area Expenses, Entrance Area Expenses, Lake Expenses or Street Light Expenses, including special assessments for same, and all installations thereof (collectively, the "Assessments") with interest thereon and costs of collection, including reasonable attorneys' fees at all trial and appellate levels, are hereby declared to be a charge and continuing lien upon the Lot against which each such Assessment is made. Each Assessment against a Lot, together with such interest thereon at the highest rate allowed by law and costs of collection thereof, including attorneys' fees at all trial and appellate levels, shall be the personal obligation of the person, persons or entity owning the Lot assessed. Said lien shall be effective only from and after the time of recording amongst the Public Records of Palm Beach County, Florida of a written, acknowledged statement signed by the President or Vice President of the Association, setting forth the amount due to the Association as of the date the statement is recorded. Upon full payment of all sums secured by that lien, the party making payment shall be entitled to a recordable satisfaction of lien. Where an Institutional Mortgagee obtains title to a Lot as a result of foreclosure of its mortgage or deed given in lieu of foreclosure, such acquirer of title, his successors or assigns shall not be liable for the share of Assessments pertaining to such Lot or chargeable to the former Owner which became due prior to the acquisition of title as a result of the foreclosure, unless such share is secured by a claim of lien for Assessments that is recorded prior to the recording of the foreclosed mortgage or deed given in lieu of foreclosure. Such unpaid share of Assessments for which a claim of lien has not been recorded prior to the recording of the foreclosed mortgage or deed given in lieu of foreclosure shall be deemed to be Assessments collected from all other Lots.

B. Enforcement of payment of Assessments: In the event any Owner shall fail to pay Assessments or any installment thereof charged to his Lot within fifteen (15) days after the

same becomes due ("Delinquent Owner"), then the Association, through its Board, shall have any of the following remedies to the extent permitted by law:

1. To accelerate the entire amount of any Assessments for the remainder of the calendar year, notwithstanding any provisions for the payment thereof in installments;

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

3. To file an action in equity to foreclose its lien at any time after the effective date thereof. The lien may be foreclosed by an action in the name of the Association in like manner as a foreclosure of a mortgage on real property; and

4. To file an action at law to collect said Assessments, plus interest at the highest rate allowable by law, plus court costs and reasonable attorneys' fees at all trial and appellate levels, without waiving any lien rights and/or rights of foreclosure in the Association.

ARTICLE XII
ENFORCEMENT OF DECLARATION

The enforcement of this Declaration may be by a proceeding at law for damages or in equity to compel compliance with the terms hereof or to prevent violation or breach of any of the contracts or terms herein. Enforcement may be by Developer, the Association or any individual Owner, and should the party seeking enforcement by the prevailing party, then the person against whom enforcement has been sought shall pay reasonable attorneys' fees and costs at all trial and appellate levels to the prevailing party.

ARTICLE XIII
AMENDMENTS

A. The process of amending this Declaration shall be as follows:

1. Until the closing of the first conveyance of a Lot by Developer to an Owner other than Developer ("Amendment Date") any amendments may be made by Developer alone, which amendment shall be signed by Developer and need not be joined by any other party.

2. After the Amendment date, this Declaration may be amended only by the consent of two-thirds (2/3) of all Owners and a majority of the entire Board, together with the consent of all Institutional Mortgagees. The aforementioned consents shall be in writing and affixed to the amendment to this Declaration.

3. Notwithstanding the foregoing, no amendment shall be effective which shall, in a material fashion, impair or prejudice the rights or priorities of any Owner, Developer or of any Institutional Mortgagee under this Declaration without the specific written approval of the Owner, Developer or Institutional Mortgagee affected thereby.

4. Notwithstanding the foregoing, prior to the Initial Election Meeting, Developer may amend this Declaration in order to correct a scrivener's error or other defect or omission without the consent of Owners or the Board, provided that such amendment does not materially adversely affect an Owner's property rights. This amendment shall be signed by Developer alone and a copy of the amendment shall be furnished to each Owner, the Association and all Institutional Mortgagees as soon after recording thereof amongst the Public Records of Palm Beach County, Florida, is practicable.

B. An amendment to this Declaration shall become effective upon its recordation amongst the Public Records of Palm Beach County, Florida.

ARTICLE XIV
MISCELLANEOUS

A. No implied waiver: The failure of Developer, the Association or any Owner to object to an Owner's or other party's failure to comply with the covenants or restrictions contained herein, shall in no event be deemed a waiver of any right to object to same and to seek compliance therewith in accordance with the provisions herein.

B. Restrictions on Lease: Any and all lease agreements (herein the "Lease Agreement") between an Owner and a lessee of such Owner's Lot and/or Residence, shall be in writing and must provide that such Lease Agreement shall be subject in all respects to the terms and provisions of this Declaration and that any failure by the lessee under such Lease Agreement to comply with such terms and conditions shall be a material default and breach of the Lease Agreement.

C. Captions: Article and paragraph captions inserted throughout this Declaration are intended only as a matter of convenience and for reference only and in no way shall such

captions or headings define, limit or in any way affect any of the terms and provisions of this Declaration.

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

E. Severability: In the event any one of the provisions of this Declaration shall be deemed invalid by a court of competent jurisdiction, said judicial determination shall in no way affect any of the other provisions hereof, which shall remain in full force and effect. Further, the invalidation of any of the covenants or restrictions or terms and conditions of this Declaration or a reduction in the term of the same by reason of judicial application of the legal rule known as the "rule against perpetuities" shall in no way affect any other provision which shall remain in full force and effect for such period of time as may be permitted by law.

F. Term: This Declaration and the terms, provisions, conditions, covenants, restrictions, reservations, regulations, burdens and liens contained herein, shall run with and bind the Subject Property and inure to the benefit of Developer, the Association, the Owners, the Institutional Mortgagees and their respective legal representatives, heirs, successors and assigns for a term of thirty-five (35) years from the date of the recording of this Declaration amongst the Public Records of Palm Beach County, Florida, after which time this Declaration may be automatically renewed and extended for successive periods of ten (10) years each, unless at least one (1) year prior to the termination of such 35-year term or any such 10-year extension thereof, there is recorded amongst the Public Records of Palm Beach County, Florida, an instrument (the "Termination Instrument") signed by at least two-thirds (2/3) of all Owners and at least 2/3 of all Institutional Mortgagees holding mortgages encumbering Lots (on the basis of one vote of the Institutional Mortgagees per Lot) agreeing to terminate this Declaration, upon which event, this Declaration shall be terminated upon the expiration of the 35-year term or the 10-year extension thereof during which the Termination Instrument is recorded. Notwithstanding such termination, Owners shall continue to remain obligated to pay their pro-rate share of Association expenses so as to continue to maintain the Easement Areas, street lights, the Recreation Area and the Entrance Areas in accordance herewith.

IN WITNESS WHEREOF, this Declaration of Covenants, Restrictions and Easements for CWL Section 1 and CWL Section 4 has been signed by Developer on the day and year first above set forth.