

# **VALENCIA FALLS**

Declaration of Covenants,  
Restrictions and Easements for  
Valencia Falls

**BOARD RESOLUTION FOR  
VALENCIA FALLS HOMEOWNERS ASSOCIATION, INC.**

**WHEREAS**, Article IX, Section 1(D) of the Declaration of Covenants, Restrictions and Easements for Valencia Falls ("Declaration") provides that the Association may, at its option, discontinue replacing sod on the Lots, in which event the replacement of all sod on the Lots would become the responsibility of the Owners;

**WHEREAS**, the Association has determined that it is in the best interests of the Valencia Falls community that the Owners be responsible for the replacement of sod on their individual Lots and that the Association has made a determination to discontinue such replacement;

**NOW, THEREFORE**, be it resolved as follows:

1. That the Association, pursuant to Article IX, Section 1(D) of the above referenced Declaration, as of the date of this Board Resolution, has determined to discontinue replacing sod on the individual Lots, and such replacement shall now become the responsibility of the individual Owners.
2. Notwithstanding the fact that the Board has determined to discontinue being responsible for the replacement of sod on the individual Lots, the Board of Directors has determined that it will, on a one-time basis, negotiate with a sod replacement contractor for a price to provide to the individual Owners for a one-time replacement of their sod. Individual Owners will still be responsible for the cost of such sod replacement, but such Owners will have the opportunity to obtain a price negotiated by the Board of Directors for this one-time replacement. Individual Owners will not be required to use the Association's negotiated price or contractor, and will have the option to use a contractor of their own choosing at any time. However, if any individual owner uses his or her own contractor, then the sod replacement shall further be subject to the approval of the ARC pursuant to the Declaration, and subject to any and all then-existing architectural guidelines and specifications. If an individual Owner does decide to use the Association's negotiated price and contractor, such sod replacement must occur no later than December 31, 2021.
3. Whether an individual Owner uses the Association's negotiated price or contractor for this one-time replacement of sod, any additional or future replacements of sod will be the complete responsibility of the individual Unit Owners, subject to the approval of the ARC pursuant to the Declaration, and subject to any and all then-existing architectural guidelines and specifications.

4. In the event a Unit Owner chooses to use the Association's negotiated price and recommended contractor, the Unit Owner acknowledges and agrees that the Association is not a guarantor of the quality of workmanship and materials provided by the contractor, and that any issues with regard to the quality of workmanship and materials or any other complaints or items of concern including but not limited to any damage claims brought against the contractor shall be between the contractor and the individual Unit Owner. In that regard, the Unit Owners shall agree to hold the Association harmless for any work performed by such contractor.

**VALENCIA FALLS HOMEOWNERS  
ASSOCIATION, INC.**

10/26/2020  
Date

BY: Michael Schmitt  
Valencia Falls HOA, on behalf of the  
Association

EXHIBIT "A"

AMENDMENT  
TO THE DECLARATION OF COVENANTS, RESTRICTIONS  
AND EASEMENTS FOR  
VALENCIA FALLS

The Declaration of Covenants, Restrictions and Easements for Valencia Falls, is recorded in Official Records Book 12493, at Page 1905, of the Public Records of Palm Beach County, Florida.

As indicated herein, words underlined are added and words ~~struck through~~ are deleted.

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**Item 1: Article VII, Section 7 of the Declaration of Covenants, Restrictions and Easements for Valencia Falls shall be amended as follows:**

Section 7. WORKING FUND CONTRIBUTION. ~~Effective January 1, 2006~~ As of the recording date of this amendment, each Owner who acquires title to a Lot whether by Deed or by other instrument of transfer, shall pay to the Association at the time legal title is conveyed to such Owner, a Working Fund Contribution. No deed or other instrument of transfer shall be effective to convey title to a Lot until the Working Fund Contribution required by this Section 7 has been paid in full to the Association. The Working Fund Contribution shall be an amount equal to three (3) months share of the then current annual ~~Operating Expenses~~ Assessment pursuant to the then current Association Budget, which shall include both Operating Expenses and Reserves. Notwithstanding the foregoing, a transfer between spouses, or to a trust in which the Owner is the settlor, shall not require a Working Fund Contribution payment. Also, such payment shall not be required from anyone inheriting the property after the death of an Owner. The Working Fund Contribution payment made under this section is not advance payments of Assessments and shall have no effect on future Assessments, nor will it be held in reserve. Payments under this section may be used by the Board to offset Operating Expenses or for any other purpose benefiting the Association as deemed reasonable and appropriate by the Board in its sole discretion.

**EXHIBIT "A"**

**AMENDMENT  
TO THE DECLARATION OF COVENANTS, RESTRICTIONS  
AND EASEMENTS FOR  
VALENCIA FALLS**

The Declaration of Covenants, Restrictions and Easements for Valencia Falls, is recorded in Official Records Book 12493, at Page 1905, of the Public Records of Palm Beach County, Florida.

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**Item 1: Article X, Section 6 of the Declaration of Covenants, Restrictions and Easements for Valencia Falls shall be amended as follows:**

Section 6. LEASES. No portion of a Home (other than an entire Home) may be rented. All leases shall provide and if they do not so provide then the leases shall be deemed to provide, that the Association shall have the right to terminate the lease upon default by the tenant in observing any of the provisions of this Declaration, the Articles, the Bylaws, applicable rules and regulations, or of any other agreement, document or instrument governing the Lots or Homes. The owner of a leased Home shall be jointly and severally liable with his tenant for compliance with the Valencia Falls Documents and to the Association to pay any claim for injury or damage to property caused by the negligence of the tenant. Every lease shall be subordinated to any lien filed by the Association whether before or after such lease was entered into. Notwithstanding the foregoing, no Home may be leased more than one (1) time per twelve (12) month period. Additionally, a Home may be leased for a period of not more than twelve (12) months nor less than seven (7) months notwithstanding whether any lease term terminates prior to the end of its term as a result of the tenant vacating the Home early or otherwise.

No Home Owner who purchases a Home or otherwise acquires title to a Home after the effective date of this amendment shall be entitled to lease his or her Home until such Home Owner has owned the Home for a period of twenty four (24) months, which twenty four (24) month period shall commence upon the date title was acquired. Such twenty four (24) month restriction on leasing or any of the restrictions contained in this Section 6 shall not apply to the Association, in the event the Association takes title to a Home as a result of foreclosure, deed in lieu of foreclosure or otherwise. Additionally, this requirement shall not apply where title is acquired by an immediate family member of the Home Owner, which immediate family member shall be defined as the Owner's spouse, parents, siblings, children, grandchildren or grandparent, or where the Home has been transferred or otherwise conveyed to a trust or otherwise conveyed for bona fide estate planning purposes or pursuant to a bona fide estate planning device. In addition,

such twenty four (24) month restriction on leasing shall not apply where title is acquired by one spouse from another spouse through a judgment or decree of divorce.

There shall be no subleasing of a Home, and no portion of a Home (other than the entire Home) may be rented. In addition, no transient tenancies shall be allowed, such as, but not limited to, a lease, license or other transfer or tenancy through an organization such as Air BNB, VRBO, or any other similar entity, website or organization, and it shall be considered a violation of this provision to list or post a Home on any such website or through any such company, agency or organization.

This Instrument prepared by  
and to be returned to:  
Steven G. Rappaport, Esquire  
Sachs Sax Caplan  
6111 Broken Sound Parkway NW, Ste. 200  
Boca Raton, FL 33487  
(561) 994-4499

CFN 20110145053  
OR BK 24483 PG 1698  
RECORDED 04/21/2011 15:47:33  
Palm Beach County, Florida  
Sharon R. Bock, CLERK & COMPTROLLER  
Pgs 1698 - 1701; (4pgs)

**CERTIFICATE OF AMENDMENT  
TO THE  
DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS  
FOR  
VALENCIA FALLS**

**I HEREBY CERTIFY** that the amendment attached as Exhibit "A" to this Certificate were duly adopted as amendments to the Declaration of Covenants, Restrictions and Easements for Valencia Falls. The Declaration of Covenants, Restrictions and Easements for Valencia Falls, is recorded in Official Records Book 12493, at Page 1905, of the Public Records of Palm Beach County, Florida. The attached amendments were approved by the written consent of the members pursuant to Section 617.0701(4), Fla. Stat.

DATED this 19 day of April, 2011.

WITNESSES

Lori Gigante  
Signature

Lori Gigante  
Print Name

Beth Baine  
Signature

Beth Baine  
Print Name

VALENCIA FALLS HOMEOWNERS  
ASSOCIATION, INC.

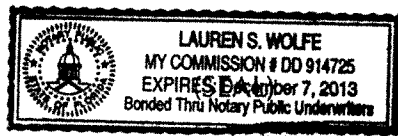
By: Mike Portugal  
Mike Portugal, President

By: Robert Rutherford  
Robert Rutherford, Secretary

STATE OF FLORIDA                     )  
                                                          ) ss:  
COUNTY OF PALM BEACH            )

The foregoing instrument was acknowledged before me this 19 day of April, 2011, by Mike Portugal as President, and Robert Rutherford as Secretary, of Valencia Falls Homeowners Association, Inc., who are Personally Known [ ] or Produced Identification [ ].

Type of Identification Produced: \_\_\_\_\_



Lauren S. Wolfe  
NOTARY PUBLIC, State of Florida at Large

EXHIBIT "A"

AMENDMENT  
TO THE  
DECLARATION OF COVENANTS, RESTRICTIONS  
AND EASEMENTS FOR  
VALENCIA FALLS

The Declaration of Covenants, Restrictions and Easements for Valencia Falls, is recorded in Official Records Book 12493, at Page 1905, of the Public Records of Palm Beach County, Florida.

As indicated herein, words underlined are added and words ~~struck through~~ are deleted.

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**Item 1: Article VI, Section 1 of the Declaration of Covenants, Restrictions and Easements for Valencia Falls shall be amended as follows:**

Section 1. AFFIRMATIVE COVENANT TO PAY ASSESSMENTS. In order to: (i) fulfill the terms, provisions, covenants and conditions contained in the Valencia Falls Documents, and (ii) maintain, operate and preserve the Association Property for the use, safety, welfare and benefit of the Members and their family members, guests, invitees and lessees, there is hereby imposed upon each Completed Lot, and Incomplete Lot, and each Completed Lot Owner and Incomplete Lot Owner, the affirmative covenant and obligation to pay to the Association commencing from and after the first conveyance of a Home from Declarant as evidenced by the recordation of a Deed in the Public Records of the County (in the manner herein set forth) all Assessments, including, but not limited to, the Individual Lot Assessments and Special Assessments. Each Owner, by acceptance of a deed or other instrument of conveyance conveying a Lot within the Property, whether or not it shall be so expressed in such deed or instrument, shall be obligated and agrees to pay to the Association all Assessments in accordance with the provisions of the Valencia Falls Documents.

The following expenses of the Association are hereby declared to be Operating Expenses which the Association is obligated to assess and collect, and which the Owners are obligated to pay as provided herein or as may be otherwise provided in the Valencia Falls Documents: (1) any and all taxes and tax liens which may be assessed or levied at any and all times against the Association Property, the Community Services or against any and all personal property or Improvements thereon; (2) all charges levied for Community Services or other utilities providing services for the Association Property, such as water, gas, electricity, telephone, cable television, sanitation, sewer and any type of utility or any other type of service charge which is not separately billed to an Owner; (3) the premiums on policies of insurance including, but not limited to, liability, casualty and directors and officers liability insurance for the Association Property; (4) any sums necessary for the maintenance and repair of the Association Property and all Improvements located thereon; (5) administrative and operational expenses; (6) fees and other costs of water usage

relating to the Irrigation System, and (7) the purchase of coupons/charge cards for purchases in the Café not to exceed individual mount of \$300 without further community approval by a vote of a majority of members who attend a meeting in person or by proxy in accordance with the Bylaws, said Coupons/charge cards to be distributed to each home in Valencia Falls and be transferable to other owners with or without consideration, and (8) any and all expenses deemed to be Operating Expenses by the Association. Reserves for replacements are specifically excluded from Operating Expenses. The Board may, if it so determines, include reserves in the Association's annual budget; however, reserves are not part of Operating Expenses and are therefore payable only by Completed Lot Owners. In addition, any expense which is required by the Declaration to be the matter of a Special Assessment shall not be deemed to be an Operating Expense. Expenses which are required to be the matter of Special Assessments include, by way of example but not by way of limitation, the following: the cost of reconstructing, replacing or improving the Association Property or any portion thereof or Improvements thereon; any casualty loss affecting the Association or the Association Property to the extent such loss exceeds the insurance proceeds, if any, receivable by the Association as a result of such loss; any judgment against the Association (or against a Director or Directors if and to the extent such Director is, or such Directors are, entitled to be indemnified by the Association therefor pursuant to the Articles) to the extent such judgment exceeds the insurance proceeds, if any, received by the Association as a result of such judgment, or an agreement by the Association (or such Director or Directors to whom indemnification is owed) to pay an amount in settlement of a lawsuit against it (or such Director or Directors) to the extent such settlement exceeds the insurance proceeds, if any, received by the Association as a result of such settlement agreement; and legal fees and costs (including, without limitation, attorneys and paralegal fees and court costs) incurred by the Association in connection with litigation (whether incurred for the preparation, filing, prosecution or settlement thereof or otherwise), except Legal Fees incurred by the Association in connection with the collection of assessments or other charges which Owners are obligated to pay pursuant to the Valencia Falls Documents or the enforcement of the use and occupancy restrictions contained in the Valencia Falls Documents.

The Operating Expenses with respect to the Association Property are payable by each Owner to the Association notwithstanding the fact that Declarant may not have as yet conveyed title to the Association Property to the Association.

**Item 2:        Article VIII, Section 3 of the Declaration shall be amended as follows:**

3. SPECIAL ASSESSMENTS. "Special Assessments include, in addition to other Assessments designated as Special Assessments in the Valencia Falls Documents and whether or not for a cost or expense which is included within the definition of "Operating Expenses", including in the discretion of the Board to have an assessment for the cost of Café coupon/charge cards as set forth in Article VI, Section 1; those Assessments which are levied for capital improvements which include the costs (whether in whole or in part) of constructing or acquiring Improvements for, or on, the Association Property or

the cost (whether in whole or in part) of reconstructing or replacing such Improvements. Notwithstanding anything to the contrary herein contained, it is recognized and declared that Special Assessments shall be in addition to, and are not part of, any Individual Lot Assessment. Any Special Assessments assessed against Lots and the Owners thereof shall be paid by such Owners in addition to any other Assessments and shall be assessed in the same manner as the Individual Lot Assessment. Special Assessments shall be paid in such installments or in a lump sum as the Board shall, from time to time, determine. Notwithstanding the foregoing, the levying of any Special Assessment after the Turnover Date shall require the affirmative assent of at least two-thirds (2/3) of all Owners represented in person or by proxy at a meeting called and held in accordance with the Bylaws. Prior to the Turnover Date, a Declarant-controlled Board may make a Special Assessment without such vote of the Owners. Special Assessments are not included in the guarantee set forth in Section 5 below.

**Amendment (6) (Page2)**

**Article I Section 4**

Architectural Review Committee or "Committee" shall mean the committee created pursuant to Article VIII hereof. Any reference to Architectural Control Committee (ACC) in the Declaration of Covenants or any other documents of the Valencia Falls HOA shall be substituted by Architectural Review Committee (ARC) which is the new designation for the same committee.

**Amendment (7) (Page 18)**

**Article IV E (1)**

E. Easement Over Association Property. An easement of enjoyment in favor of all Owners, their family members, guests, invitees and lessees in and to the Association Property which shall be appurtenant to and shall pass with title to every Lot in the Property, subject to the following:

(1) the right of the Association to suspend the right to use the Association Property of any Owner for any period during which Assessments against his Lot remain unpaid, ~~or as part of a Grievance penalty subject to the notice and hearing provisions in Article X, Section I here~~

**Amendment (8) (Page 22)**

**Article VI Section 3(6)**

6. To suspend the use rights of the Owner(s) in default to the Association Property. ~~subject to the Notice and Hearing provisions in Article X, Section 1 herein.~~

**Amendment (9) (Page 36)**

**Article X Section 4**

Section 4. **PARKING AND VEHICULAR RESTRICTIONS.** Parking upon the Property shall be in accordance with rules adopted by the Board of Directors ~~restricted to the drive and garage located upon each Lot and designated parking areas within the Association Property. No parking on the streets or swales is permitted.~~ No Owner shall keep any vehicle on any Lot which is deemed to be a nuisance by the Board. No Owner shall conduct repairs taking more than twenty-four (24) hours (except in an emergency or except within the garage of the Home with the garage door closed) or restorations of any motor vehicle, boat, trailer, or other vehicle upon any Lot. No commercial vehicle, trailer, boat or boat trailer may be parked or stored on the Property except in the garage of a Home located upon a Lot. No bus or tractor-trailer or any other large truck or vehicle not conducive to the proportional size of the streets ~~truck larger than a full-size pickup truck~~ may enter or be parked on the Property, except temporarily as in the case of a moving van or other such vehicle necessary to provide service to an Owner and with the exception of any vehicles necessary for any construction or maintenance activity being performed by or on behalf of Declarant or the HOA. Car carriers capable of carrying more than four cars are not permitted on the streets of Valencia Falls

## EXHIBIT A

The Declaration of Covenants, Restrictions and Easements, ("Declaration") is recorded in Book 12493, Page 1905, of the Official Public Records of Palm Beach County, Florida.

The entire original Article IX, Section 11 shall be deleted and replaced with the following:

The Association, by action of its Board, may acquire additional (new) Association Property, whether Real or Personal having a cost not to exceed Ten Thousand Dollars (\$10,000.00). The Ten Thousand Dollar (\$10,000) limit shall apply per item or per project, whichever is appropriate. Expenditures exceeding that amount must first be approved by at least two-thirds (2/3) of all Owners represented in person or by proxy at a meeting called and held in accordance with the Bylaws.

The Association, by action of its Board may replace existing Association Property, whether Real or Personal, out of the common property reserve. In all instances where practical, these purchases shall be limited to items of like or similar kind, purpose and cost, taking into account inflation factors **and adhering to the life expectancy set up in the reserve study. If the replacement asset is purchased before 80% of its useful life expectancy (according to the Reserve Study) has been reached and if said purchase exceeds \$10,000 then that purchase will also be subject to a 2/3 vote of the community.**

No alteration or Improvement may be made to the Association Property, whether Real or Personal, which materially and adversely affects the rights of the Owner of any Lot to the enjoyment of his Lot or the Association Property unless the Owner and all mortgagees holding recorded mortgages on such Lot consent thereto in writing.

## Exhibit A

**Article VII, Section 7 of the Declaration of Covenants, Restrictions and Easements for Valencia Falls, entitled Working Fund Contribution, shall be deleted in its entirety and replaced with a new Section 7 as follows:**

Section 7. WORKING FUND CONTRIBUTION. Effective January 1, 2006, each Owner who acquires title to a Lot whether by Deed or by other instrument of transfer, shall pay to the Association at the time legal title is conveyed to such Owner, a Working Fund Contribution. No deed or other instrument of transfer shall be effective to convey title to a Lot until the Working Fund Contribution required by this Section 7 has been paid in full to the Association. The Working Fund Contribution shall be an amount equal to three (3) months share of the then current annual Operating Expenses Assessment pursuant to the then current Association Budget. Notwithstanding the foregoing, a transfer between spouses, or to a trust in which the Owner is the settlor, shall not require a Working Fund Contribution payment. Also, such payment shall not be required from anyone inheriting the property after the death of an Owner. The Working Fund Contribution payment made under this section is not advance payments of Assessments and shall have no effect on future Assessments, nor will it be held in reserve. Payments under this section may be used by the Board to offset Operating Expenses or for any other purpose benefiting the Association as deemed reasonable and appropriate by the Board in it's sole discretion.

November 29, 2005

## Exhibit A

Article IX, Section 1D would then be amended as follows: Underlined material is added.

The Association shall be responsible for the maintenance and care of the lawn encompassed within the Lot, except as otherwise provided in Article X, Section 17 hereof. "Maintenance and care" within the meaning of this subsection shall include, mowing, edging, fertilizing and spraying of lawns, and replacement of sod. Notwithstanding the obligation of the Association to maintain the landscaping within the Lots, any replacement of trees, shrubs and other plant materials within the Lots, for any reason whatsoever, shall be the obligation of the Owners of the Lots upon which such replacement is required. The Association may, at its option, discontinue replacing sod on the Lots, in which event the replacement of all sod on the Lots would become the responsibility of the Owners. The Association will re-stake or remove trees within the Lots damaged or destroyed by a named tropical storm, tornado or other natural disaster and the cost thereof shall be a Common Expense.

**PROPOSED  
AMENDMENTS**

**TO**

**THE DECLARATION OF COVENANTS, RESTRICTIONS  
AND EASEMENTS FOR VALENCIA FALLS HOMEOWNERS ASSOCIATION, INC.**

The Declaration of Covenants, Restrictions and Easements, ("Declaration") is recorded in Book 12493, Page 1905, of the Official Public Records of Palm Beach County, Florida.

As indicated herein, words underlined are added and words ~~struck through~~ are deleted.

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1. Article IX. Maintenance and Repair Obligations, Section 1, By The Association, shall be amended to add the following new subsections L and M:

L. The Association shall be responsible for the maintenance of the exterior surfaces of the dwelling unit on each Lot including the exterior walls, doors and door casings. The maintenance shall be limited to pressure cleaning and painting when needed, as determined in the sole judgment and discretion of the Board. The Association shall not be responsible for any other maintenance, repair or replacement of the exterior walls, doors or other portions of a dwelling unit.

M. The Association shall be responsible to clean the roof of the dwelling on each Lot, when needed as determined in the sole judgment and discretion of the Board. The Association shall not be responsible to repair or replace any roof tiles that may become cracked or otherwise damaged during roof cleaning, unless the damage is caused by negligence in the performance of the work, but in no event shall the Association be responsible for any loss of use or other consequential or punitive damages.

2. Article IX. Section 2 (A) By The Owners, shall be amended as follows:

The Owner of each Lot must keep and maintain the Lot and the Improvements thereon, including equipment and appurtenances, in good order, condition and repair, and must perform promptly all maintenance and repair work within his Home which, if omitted, would adversely affect Valencia Falls, the other Owners or the Association and its Members. The Owner of each Lot shall be responsible for any damages caused by a failure to so maintain

**March 7, 2005**

such Lot, Improvements and Home. The Owners' responsibility for maintenance, repair and replacement shall include, but not be limited to, all of the physical structure constructed in, upon or below the Lot, and physical items attached or connected to such structure that run beyond the boundary line of the Lot which exclusively service or benefit the Lot and Home. ~~Additionally, Except for the painting, caulking and maintenance cleaning of the exterior surface of the walls, doors, windows and pressure cleaning of roofs which shall be done by the Association in accordance with Section 1. L and M above roof of the physical structure of the Home shall be done by the Owner, and the exterior surface of such walls, doors, windows and roof shall at all times be maintained by the Owner in good and serviceable condition with no damage or other defect therein, by the Owner.~~ The Owner of a Lot further agrees to pay for all utilities, such as telephone, cable television, water, sewer, sanitation, electric, etc., that may be separately billed or charged to each Home. The Owner of each Lot shall be responsible for insect and pest control within the Home. Whenever, the maintenance, repair and replacement of any items which an Owner is obligated to maintain, repair or replace at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the Owner shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such provision of such insurance or otherwise, reduce the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

-END OF AMENDMENTS-

**EXHIBIT "A"**

Article IX, Section 2, Paragraph B is amended to read as follows:

In addition to the above, Owners of all Homes shall be responsible to: fix leaks in and otherwise maintain and repair the roofs of their Homes; remove, and if required by the Board, replace any dead or obviously dying trees on their Lots; and maintain, repair and replace any fences on their Lots, except as otherwise provided in Article X, Section 1.E hereof. Owners of Homes shall also keep the sidewalks located on their Lots clean.

\*\*\*END OF AMENDMENT\*\*\*

**December 1, 2004**

## VALENCIA FALLS

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|-----------|--------------------------------------------------------------------------|
| Exhibit A | Legal Description of Property                                            |
| Exhibit B | Articles of Incorporation of Valencia Falls Homeowners Association, Inc. |
| Exhibit C | Bylaws of Valencia Falls Homeowners Association, Inc.                    |

- Escrow Agreement
- Preferred Builders Warranty Corp. - Home Warranty
- Special Warranty Deed
- Initial Rules and Regulations of Valencia Falls Homeowners Association, Inc.
- Estimated Operating Budget of Valencia Falls Homeowners Association, Inc.
- Cable Television Agreement between Valencia Falls Homeowners Association, Inc. and Leadership Acquisition, L.P. d/b/a Adelphia Cable Communications
- Agreements regarding School Age Children:
  - (a) Declaration and Restrictive Covenant Regarding Traffic Performance Standards made by William A. Mazzoni and Howard W. Smith, as Co-Trustees of the William Mazzoni Revocable Trust dated June 4, 1992, and Mazzoni Farms, Inc., a Florida corporation, dated July 23, 1999 and recorded in Official Records Book 11254, Page 499, of the Public Records of Palm Beach County, Florida.
  - (b) Declaration and Restrictive Covenant Regarding School Impact Fee between G.L. Homes of Boynton Beach Associates V, Ltd. and Palm Beach County dated October 25, 2000 and recorded October 26, 2000 in Official Records Book 12096, Page 806, of the Public Records of Palm Beach County, Florida.
  - (c) Declaration and Restrictive Covenant Regarding Reduced Road Impact Fee between G.L. Homes of Boynton Beach Associates V, Ltd. and Palm Beach County dated January 24, 2001 and recorded February 2, 2001 in Official Records Book 12288, at Page 530, of the Public Records of Palm Beach County, Florida.
  - (d) Agreement between G.L. Homes of Boynton Beach Associates V, Ltd. and Valencia Falls Homeowners Association, Inc., dated October 25, 2000 and recorded November 17, 2000 in Official Records Book 12141, Page 546, of the Public Records of Palm Beach County, Florida [regarding Declaration referred in (a) above].
  - (e) Agreement between G.L. Homes of Boynton Beach Associates V, Ltd. and Valencia Falls Homeowners Association, Inc., dated October 25, 2000 and recorded November 17, 2000 in Official Records Book 12141, Page 549, of the Public Records of Palm Beach County, Florida [regarding Declaration referred in (b) above].
  - (f) Agreement between G.L. Homes of Boynton Beach Associates V, Ltd. and Valencia Falls Homeowners Association, Inc., dated January 24, 2001 and recorded March 27, 2001 in Official Records Book 12406, Page 1683 of the Public Records of Palm Beach County, Florida [regarding Declaration referred in (c) above].
- Receipt for Documents

Return to: (enclose self-addressed stamped envelope)

Name: Jill Miller

Address:

P.O. Box 1900  
Fort Lauderdale, Florida 33302

This Instrument Prepared by:

✓ Mark F. Grant, Esquire  
Ruden, McClosky, Smith  
Schuster & Russell, P.A.  
200 East Broward Boulevard  
15th Floor  
Fort Lauderdale, Florida 33301

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**DECLARATION OF COVENANTS, RESTRICTIONS  
AND EASEMENTS FOR VALENCIA FALLS**

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## DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR VALENCIA FALLS

**THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR VALENCIA FALLS** ("Declaration") is made as of the 5<sup>th</sup> day of April, 2001 by **G.L. HOMES OF BOYNTON BEACH ASSOCIATES V, LTD.**, a Florida limited partnership, its successors and assigns ("Declarant"), and is joined in by **VALENCIA FALLS HOMEOWNERS ASSOCIATION, INC.**, a Florida corporation not for profit ("Association").

WHEREAS, Declarant is the owner in fee simple of the real property more particularly described on Exhibit "A" attached hereto and made a part hereof (the "Property");

WHEREAS, Declarant desires to develop a planned community to be known as "Valencia Falls" (as hereinafter defined); and

WHEREAS, in order to develop and maintain Valencia Falls as a planned residential community and to preserve the values and amenities of such community, it is necessary to declare, commit and subject the Property and the improvements now or hereafter constructed thereon to certain land use covenants, restrictions, reservations, regulations, burdens, liens, and easements; and to delegate and assign to the Association certain powers and duties of ownership, administration, operation, maintenance and enforcement; and

WHEREAS, the Association is joining in this Declaration in order to acknowledge its obligations hereunder.

NOW, THEREFORE, in consideration of the premises and covenants herein contained, Declarant hereby declares that the Property shall be owned, held, used, transferred, sold, conveyed, demised and occupied subject to the covenants, restrictions, easements, reservations, regulations, burdens and liens hereinafter set forth, all of which shall run with the Property and any part thereof and which shall be binding upon all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns.

### ARTICLE I DEFINITIONS

The terms used in this Declaration shall be defined as set forth herein unless expressly provided otherwise.

Section 1. "ADDITIONAL PLAT" shall mean the plat of any portion of the Property which is not included in the Plat, if any, and the plat of any Additional Property provided a Supplemental Declaration for such Additional Property is recorded amongst the Public Records of the County. "Additional Plat" shall also mean the replat of all or any portion of the Plat or any other plat of all or any portion of the Property.

Section 2. "ADDITIONAL PROPERTY" shall mean any real property (other than the Property) that may be submitted by Declarant to the terms and provisions of this Declaration by a Supplemental Declaration which shall be executed by the owner of the Additional Property and need

not be joined in by any other person or Owner. No portion of any Additional Property shall be encumbered by this Declaration unless and until such property is added by a Supplemental Declaration by the fee owner thereof. In the event any Additional Property becomes encumbered by this Declaration, then, and only then in such event, the term "Property" as used herein shall also mean the Additional Property.

Section 3. "AMENDMENT(S)" shall mean any and all amendments to this Declaration, all of which shall be consecutively numbered beginning with the "First Amendment to the Declaration of Covenants, Restrictions and Easements for Valencia Falls" and each of which shall be properly adopted pursuant to the terms of the Valencia Falls Documents and recorded in the Public Records of the County; provided, however, the failure to so consecutively number such amendments shall not impair their validity hereunder and such amendments to the extent not otherwise numbered will be deemed to have been numbered in chronological order of their appearance in the Public Records of the County. "Amendment(s)" shall also mean any and all amendments to any Supplemental Declaration, as recorded in the Public Records of the County.

Section 4. "ARCHITECTURAL CONTROL COMMITTEE" or "COMMITTEE" shall mean the committee created pursuant to Article VIII hereof.

Section 5. "ARTICLES" shall mean the Articles of Incorporation of the Association which have been filed in the Office of the Secretary of State of the State of Florida, a true copy of which is attached hereto as Exhibit "B" and incorporated herein by this reference, as such Articles may be amended from time to time.

Section 6. "ASSESSMENT" shall mean assessments for which all Owners are obligated to the Association and includes "Individual Lot Assessments" and "Special Assessments" (as such terms are defined in Article VII hereof) and any and all other assessments which are levied by the Association in accordance with the Valencia Falls Documents.

Section 7. "ASSOCIATION" shall mean and refer to VALENCIA FALLS HOMEOWNERS ASSOCIATION, INC., a not-for-profit Florida corporation, its successors and assigns, existing pursuant to the Articles of Incorporation, filed in the Office of the Secretary of State of the State of Florida on August 17, 2000, as amended by any amendments thereto, and which Association is responsible for the maintenance, preservation and architectural control of Valencia Falls as provided in this Declaration.

Section 8. "ASSOCIATION PROPERTY" shall mean such portions of the Property which are not included in any Lot, except those areas dedicated to the public by the Plat or Additional Plat, if any, and which are or shall be owned or maintained by the Association, as set forth in this Declaration, for the common use and enjoyment of the Owners within Valencia Falls, together with landscaping and any other Improvements thereon, including, without limitation all of the following if located thereon, all structures, guardhouse(s), the recreational tract(s) as more particularly described in Article II, Section 2(1) hereof, open spaces, private streets, asphalt bike paths, sidewalks, irrigation facilities, decorative street lights, perimeter fence, entry or other lighting, entrance feature, buffer tracts, monument walls, site walls, retaining walls, fountains, littoral plantings and decorative street signs, if any, but excluding any public utility installations thereon, and all portions of any Community Systems (as defined below) not made Association Property pursuant to Article II, Section 8 hereof, and any other property of Declarant not intended to be made Association Property. In addition, such portions of the Property as are declared to be Association Property in any Supplemental Declaration, less whatever portions of the Property are declared to be

withdrawn from the provisions of this Declaration in any Supplemental Declaration, shall be Association Property.

Section 9. "BOARD" shall mean the governing body of the Association.

Section 10. "BYLAWS" shall mean the Bylaws of the Association, which have been or will be adopted by the Board, a copy of which is attached hereto as Exhibit "C" and incorporated herein by this reference, as such Bylaws may be amended from time to time.

Section 11. "COMMUNITY SYSTEMS" shall mean and refer to any and all television (cable, satellite or otherwise), telecommunication, internet access, alarm/monitoring, utility or other lines, conduits, wires, satellites, amplifiers, towers, antennae, equipment, materials, installations and fixtures (including those based on, containing or serving future technological advances not now known) installed by Declarant, an affiliate of Declarant or any other entity which Declarant or an affiliate of Declarant may have an interest (financial or otherwise) therein, or pursuant to any grant of easement or authority by Declarant within the Property and serving the Association Property and/or more than one Lot.

Section 12. "COMPLETED LOT" shall mean a Lot on which the construction of any Home has been completed and for which Home a certificate of occupancy or equivalent therefor has been issued by the appropriate governmental agency.

Section 13. "COMPLETED LOT OWNER" shall mean the Owner of a Completed Lot.

Section 14. "COUNTY" shall mean Palm Beach County, Florida.

Section 15. "DECLARANT" shall mean and refer to G.L. Homes of Boynton Beach Associates V, Ltd., a Florida limited partnership, and any successor or assign thereof to which G.L. Homes of Boynton Beach Associates V, Ltd. specifically assigns all or part of the rights of Declarant hereunder by an express written assignment, whether recorded in the Public Records of the County or not. The written assignment may give notice as to which rights of Declarant are to be exercised and as to which portion of the Property. In any event, any subsequent declarant shall not be liable for any default or obligations incurred by any prior declarant, except as may be expressly assumed by the subsequent declarant. An Owner shall not, solely by the purchase of a Home and/or Lot, be deemed a successor or assign of Declarant under the Valencia Falls Documents unless such Owner is specifically so designated as a successor or assign of such rights in the instrument of conveyance or any other instrument executed by Declarant.

Section 16. "DECLARATION" shall mean this instrument as it may be amended from time to time, together with any Supplemental Declaration(s) or Amendments thereto, which may be recorded amongst the Public Records.

Section 17. "DIRECTOR" shall mean a member of the Board.

Section 18. "DOMINANT LOT" shall mean a Lot to which an easement over a Servient Lot created by Article IV of this Declaration is appurtenant (i.e., a Lot owned by an Owner entitled to access to his Lot over certain portions of an adjoining Lot). A Lot may be both a Dominant Lot and a Servient Lot as to different easements created by Article IV hereof, but not as to the same easement.

Section 19. "DRAINAGE SYSTEM" shall mean all structures, including culverts, required to collect and convey rainfall runoff from Valencia Falls to the water management tracts (i.e., "Lakes," as hereinafter defined) and/or canals adjacent to the Property. The Drainage System is located upon and designed to serve the Property. The Drainage System is a private drainage system.

Section 20. "HOME" shall mean a residential dwelling unit constructed within Valencia Falls, which is designed and intended for use and occupancy as a single-family residence; provided, however, that no portion of any Community System, even if installed in a Home, shall be deemed to be a part of a Home unless and until same is made such pursuant to Article II, Section 8 hereof, if at all.

Section 21. "IMPROVEMENT" shall mean all structures or artificially created conditions and appurtenances thereto of every type and kind located within Valencia Falls, including, but not limited to, buildings, walkways, recreation areas and facilities, parking areas, berms, fountains, sprinkler pipes, gatehouses, roads, driveways, fences, retaining walls, underground footers and other foundation supports, stairs, landscaping, hedges, plantings, poles, swings, tennis courts, swimming pools, covered patios, screen enclosures, jogging, bicycling and walking paths, basketball backboards and hoops, signs, site walls, benches, mailboxes, decorative street lights and signs.

Section 22. "INCOMPLETE LOT" shall mean a Lot on which the construction of a Home has not been completed and for which no certificate of occupancy or equivalent therefor has been issued by the appropriate governmental agency.

Section 23. "INCOMPLETE LOT OWNER" shall mean the Owner of an Incomplete Lot.

Section 24. "INSTITUTIONAL MORTGAGE" shall mean a mortgage held by an Institutional Mortgagee on any property within Valencia Falls.

Section 25. "INSTITUTIONAL MORTGAGEE OR INSTITUTIONAL LENDER" shall mean any lending institution owning a first mortgage encumbering any Home or Lot within Valencia Falls, which owner and holder of said mortgage shall either be a bank, life insurance company, federal or state savings and loan association, real estate or mortgage investment trust, building and loan association, mortgage banking company licensed to do business in the State of Florida, or any subsidiary thereof, licensed or qualified to make mortgage loans in the State of Florida or a national banking association chartered under the laws of the United States of America or any "secondary mortgage market institution," including the Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") and such other secondary mortgage market institutions as the Board shall hereafter approve in writing; any and all lenders, and the successors and assigns of such lenders, which have loaned money to Declarant and which hold a mortgage on any portion of the Property securing any such loan; any pension or profit-sharing funds qualified under the Internal Revenue Code; the Veterans Administration, the Federal Housing Administration or the Department of Housing and Urban Development or such other lender as is generally recognized in the community as an institutional lender; or Declarant, its successors and assigns. Bank of America, N.A., a national banking association, is hereby specifically declared to be an Institutional Mortgagee since it has loaned money to Declarant, which loan is secured by a mortgage on the Property.

Section 26. "INTEREST" shall mean the maximum nonusurious interest rate allowed by law on the subject debt or obligation, and if no such rate is designated by law, then eighteen percent (18%) per annum.

Section 27. "LAKE LOT" shall mean a Lot within Valencia Falls abutting one of the Lakes (as described in Article II hereof).

Section 28. "LEGAL FEES" shall mean reasonable fees for attorney and paralegal services incurred in connection with: (i) negotiation and preparation for litigation, whether or not an action is actually begun, through and including all trial and appellate levels and postjudgment proceedings, and (ii) collection of past due Assessments including, but not limited to, preparation of notices and liens; and shall also include court costs through and including all trial and appellate levels and postjudgment proceedings.

Section 29. "LOT" shall mean and refer to any parcel of land within Valencia Falls as shown on the Plat or any Additional Plat upon which a Home is permitted to be constructed, together with the Improvements thereon, and any portion of the Property within Valencia Falls that is declared to be a Lot by a Supplemental Declaration and is not subsequently withdrawn from the provisions of this Declaration by a Supplemental Declaration; provided, however, that no portion of any Community System shall be deemed to be part of a Lot unless and until same is made such pursuant to Section Article II, Section 8 hereof, if at all. For purposes of Individual Lot Assessments, a Lot is either a Completed Lot or an Incomplete Lot.

Section 30. "MEMBERS" shall mean and refer to all of the Owners who are also members of the Association, as provided herein.

Section 31. "NOTICE AND HEARING" shall mean written notice and a public hearing before a tribunal appointed by the Board at which the Owner concerned shall have an opportunity to be heard in person or by counsel, at Owner's expense, in the manner set forth in Article X herein.

Section 32. "OPERATING EXPENSES" shall mean the expenses for which Owners are liable to the Association as described in this Declaration and any other Valencia Falls Documents and include, but are not limited to, the costs and expenses incurred by the Association in administering, operating, maintaining, financing, or repairing, but not reconstructing, replacing or improving, the Association Property or any portion thereof and Improvements thereon and all costs and expenses incurred by the Association in carrying out its powers and duties hereunder or under any other Valencia Falls Documents.

Section 33. "OWNER" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot within Valencia Falls, and includes Declarant for as long as Declarant owns fee simple title to a Lot, but excluding therefrom those having such interest as security for the performance of an obligation.

Section 34. "PLAT" shall mean the plat of the Property to be recorded in the Public Records of the County. In the event an Additional Plat is recorded in the Public Records of the County, then the term "Plat" as used herein shall also mean the Additional Plat.

Section 35. "PROPERTY" shall mean and refer to that certain real property heretofore described in Exhibit "A" and such additions thereto as may hereafter be brought within the jurisdiction of this Declaration and/or the Association; provided, however, Declarant reserves the right to withdraw from the provisions hereof, subject to the prior written approval of the Palm Beach County Attorney's Office, if required, such portion or portions of the Property as Declarant from time to time elects, upon the execution by Declarant of a Supplemental Declaration.

Section 36. "SERVIENT LOT" shall mean a Lot within Valencia Falls over which an easement is created by Article IV of this Declaration in favor of a Dominant Lot (i.e., a Lot over certain portions of which the Owner of an adjoining Lot has a right of access). A Lot may be both a Servient Lot and a Dominant Lot as to different easements created by Article IV hereof, but not as to the same easement.

Section 37. "SUPPLEMENTAL DECLARATION" shall mean any instrument executed by Declarant with respect to the Additional Property, if any (provided Declarant is the owner thereof), which, when recorded in the Public Records of the County, shall commit such property to the provisions of this Declaration, and shall be the only method of committing such property to the provisions of this Declaration. A Supplemental Declaration may also add additional restrictions, declare certain properties to be or not to be Association Property, or add properties to or withdraw properties from the Property and the provisions of this Declaration. The Association shall join in the execution of any Supplemental Declaration at the request of Declarant but such joinder shall not be required to make any such Supplemental Declaration effective. The Owners shall not be required to join in the execution of any Supplemental Declaration but shall nevertheless be bound thereby.

Section 38. "TURNOVER DATE" shall mean the date upon which "Class A Members" (as defined in Article V.D.1 of the Articles), including Declarant, shall assume control of the Association and elect the Board, as more particularly described in Article V.D.2 of the Articles.

Section 39. "VALENCIA FALLS" shall mean that planned residential development located in Palm Beach County, Florida, which encompasses the Property, has been approved for seven hundred eighty eight (788) Homes and is intended to comprise seven hundred fifty nine (759) Homes and the Association Property. Valencia Falls will consist of the land set forth in Exhibit "A" attached hereto and made a part hereof and may be expanded by the recording of one or more Supplemental Declaration(s).

Section 40. "VALENCIA FALLS DOCUMENTS" shall mean in the aggregate this Declaration, the Articles, the Bylaws, the Plat, the Additional Plat, if any, and all of the instruments and documents referred to therein, including, but not limited to, any Amendment(s) and Supplemental Declaration(s).

## ARTICLE II

### DESCRIPTION OF VALENCIA FALLS

Section 1. GENERAL PLAN OF DEVELOPMENT. Valencia Falls comprises the Property encompassing, or which will encompass, Lots and Association Property, as more particularly defined by this Declaration and, in addition, lands which Declarant may add, but shall in no way be obligated to add, by one or more Supplemental Declaration(s). The Property initially declared hereunder is described in Exhibit "A" attached hereto. If fully developed, Valencia Falls is currently planned to be comprised of seven hundred fifty nine (759) Homes and Lots and the Association Property in accordance with this Declaration. However, Valencia Falls is currently approved for seven hundred eighty eight (788) Homes. In addition, Declarant has reserved the right to modify its plan of development of Valencia Falls and to add land to Valencia Falls. Therefore, in the event Declarant modifies its plan of development of Valencia Falls and/or adds land to Valencia Falls, the number of Lots and/or the size of Lots within Valencia Falls may change. Declarant's general plan of development further contemplates that such Homes shall be whatever types of structures Declarant

may choose which are in conformance with this Declaration. Declarant's general plan of development of Valencia Falls may also include whatever facilities and amenities Declarant considers in its sole judgment to be appropriate to Valencia Falls.

Additional Property will become a part of Valencia Falls if, and only if, Declarant in its sole discretion adds Additional Property to Valencia Falls by recording a Supplemental Declaration to such effect. Declarant hereby reserves an easement for ingress and egress and for utilities and drainage over the Property for the benefit of any Additional Property; provided, however, no such easement may be granted upon any portion of the Property upon which a Home exists.

Declarant expressly reserves the right as to the Property to (i) commence construction and development of the Property if and when Declarant desires; (ii) develop the Property upon such timetable as Declarant, in its sole discretion, chooses; and (iii) modify the plan of development of the Property in such manner as it, in its sole discretion, chooses. Nothing contained herein shall be construed as obligating Declarant to construct Valencia Falls according to the present plan of development nor as obligating Declarant to declare any Additional Property to be Property.

**Section 2. ASSOCIATION PROPERTY.** The Association Property shall consist of the property indicated on the Plat and Additional Plat, if any, as Association Property or as property reserved for or dedicated to the Association. The Association Property shall be used for recreational and social purposes as well as other proper purposes by the Association and the Owners and their family members, guests, invitees and lessees in accordance with the Valencia Falls Documents. Association Property may not be altered, modified, removed or replaced by Owners or their family members, guests, invitees or lessees.

The portions of Valencia Falls described in this Section 2 shall constitute Association Property and shall be used solely in accordance with the covenants impressed upon the Association Property including, without limitation, the following:

(1) **Recreation Tracts.** Valencia Falls will contain two (2) recreation area(s), one active area containing approximately 6.9 acres, and one passive area containing approximately 1.14 acres (the "Recreation Tracts"), each of which is designated on the Plat as a Recreation Tract. The active Recreation Tract is proposed to initially include a clubhouse, swimming pool(s), tennis courts and parking. The Recreation Tracts shall be part of the Association Property and shall be used for recreational purposes by the Association, and the Owners and their family members, guests, invitees and lessees. Such portion, if any, of the Recreation Tracts upon which Declarant has constructed or hereafter constructs Improvements shall be kept and maintained for use in a manner consistent with the nature of such Improvements located or to be located thereon. All of the Recreation Tracts shall always be kept and maintained by the Association for recreational uses or beautification and attendant uses (e.g., parking spaces within the Recreation Tracts shall be used for proper purposes by those using the recreational facilities but only while using such facilities), and shall be used for such purposes and not for residential, commercial or industrial construction of any kind. The Recreation Tracts shall be maintained, administered and ultimately owned by the Association.

Declarant reserves the right, but shall not be obligated, to construct additional recreational facilities upon the Recreation Tract(s) and to change the facilities planned for the Recreation Tract(s).

Notwithstanding anything contained herein, neither Declarant nor the Association makes any representations whatsoever to commence, complete or construct any recreational facilities within any specific time period.

Declarant, at its sole discretion, reserves the right to reduce the planned facilities.

The decision as to whether to construct additional recreational facilities, to change the planned facilities, or to reduce the planned facilities and the construction thereof shall be in the sole discretion of Declarant.

(2) Lakes. The "Lakes" are those portions of the Property designated as such on the Plat or Additional Plat, if any, as lakes, and shall always be kept and maintained as lakes for water retention, drainage, irrigation, littoral plantings and water management purposes in compliance with all applicable governmental and water management district requirements. The Lakes shall be a part of the Association Property and shall be maintained, administered and ultimately owned by the Association. In furtherance of the foregoing, Declarant hereby reserves and grants an easement in favor of the Association throughout all portions of Valencia Falls as may be necessary for the purpose of accessing, maintaining and administering the Lakes, and no Owner shall do any act which may interfere with the performance by the Association of its obligations hereunder.

Water levels in the Lakes may decline significantly at certain times as a result of well field pumpage.

DECLARANT AND THE ASSOCIATION SHALL NOT BE OBLIGATED TO PROVIDE SUPERVISORY PERSONNEL, INCLUDING, BUT NOT LIMITED TO, LIFEGUARDS, FOR THE RECREATION TRACT AND THE LAKES. ANY INDIVIDUAL USING THE RECREATION TRACT AND THE LAKES SHALL DO SO AT HIS OWN RISK AND HEREBY HOLDS DECLARANT AND THE ASSOCIATION HARMLESS FROM AND AGAINST ANY CLAIM OR LOSS ARISING FROM SUCH USE.

EACH OWNER, BY THE ACCEPTANCE OF TITLE TO HIS LOT, ACKNOWLEDGES THAT THE LAKES ARE DEEP AND ARE DANGEROUS. NEITHER DECLARANT, THE ASSOCIATION NOR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES, MANAGEMENT AGENTS, CONTRACTORS OR SUBCONTRACTORS (COLLECTIVELY, THE "LISTED PARTIES") SHALL BE LIABLE OR RESPONSIBLE FOR MAINTAINING OR ASSURING THE SAFETY, WATER QUALITY OR WATER LEVEL OF/IN ANY LAKE, POND, CANAL, CREEK, STREAM OR OTHER WATER BODY WITHIN VALENCIA FALLS, EXCEPT AS SUCH RESPONSIBILITY MAY BE SPECIFICALLY IMPOSED BY, OR CONTRACTED FOR WITH, AN APPLICABLE GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY OR AUTHORITY. FURTHER, NONE OF THE LISTED PARTIES SHALL BE LIABLE FOR ANY PROPERTY DAMAGE, PERSONAL INJURY OR DEATH OCCURRING IN, OR OTHERWISE RELATED TO, ANY WATER BODY, ALL PERSONS USING SAME DOING SO AT THEIR OWN RISK. ALL OWNERS AND USERS OF ANY PORTION OF VALENCIA FALLS SHALL BE DEEMED, BY VIRTUE OF THEIR ACCEPTANCE OF THE DEED TO OR USE OF, SUCH PROPERTY, TO HAVE AGREED TO RELEASE THE LISTED PARTIES FROM ALL CLAIMS FOR ANY AND ALL CHANGES IN THE QUALITY AND LEVEL OF THE WATER IN SUCH BODIES. ALL PERSONS ARE HEREBY NOTIFIED THAT FROM TIME TO TIME WILDLIFE MAY HABITATE OR ENTER INTO WATER BODIES WITHIN OR NEARBY VALENCIA FALLS AND MAY POSE A THREAT TO PERSONS, PETS AND PROPERTY, BUT THAT THE

LISTED PARTIES ARE UNDER NO DUTY TO PROTECT AGAINST, AND DO NOT IN ANY MANNER WARRANT OR INSURE AGAINST, ANY DEATH, INJURY OR DAMAGE CAUSED BY SUCH WILDLIFE.

(3) Streets, Drives, Roads and/or Roadways. The "Streets," "Drives," "Roads" and/or "Roadways" are those portions of the Property designated on the Plat or Additional Plat, if any, as a street, drive, road or roadway, and which are reserved for or dedicated to the Association, but specifically excluding any street or roadway dedicated to the public on the Plat or Additional Plat, if any. The Streets, Drives, Roads and/or Roadways shall be used as private roads by Declarant, the Association and the Owners, their family members, guests, lessees and invitees in accordance with the provisions of this Declaration. The Streets, Drives, Roads and/or Roadways shall be maintained, administered and ultimately owned by the Association. Notwithstanding the foregoing, each Owner shall be responsible for the maintenance, repair and replacement of the driveway serving his Lot, including that portion of the driveway in a Street, Drive, Road and/or Roadway, if any, unless the driveway was damaged by the Association in the fulfillment of its obligations and duties under this Declaration.

(4) Landscaped Areas or Grassed Areas. The "Landscaped Areas" and "Grassed Areas" are those portions of the Property designated on the Plat or Additional Plat, if any, as "OS" tracts or as open space, and are to be used, kept and maintained as such by Declarant, the Association, and the Owners within Valencia Falls, their family members, guests, lessees and invitees, in accordance with the provisions of this Declaration. The Landscaped Areas and Grassed Areas shall be ultimately owned by the Association and shall be administered and maintained by the Association in accordance with the requirements of the appropriate governmental agencies.

(5) Street Lights. The "Street Lights" and any associated facilities placed within the Property and any street lights and associated facilities placed within public rights of way by agreement between the Association and the public utility responsible therefor, are or shall be installed, repaired, replaced, relocated, maintained and owned by the public utility responsible therefor, but the Association is responsible to pay all fees associated with such installation, repair, replacement and maintenance, and for the furnishing of electricity thereto, at a set rate pursuant to a Street Lighting Agreement entered into or to be entered into with the utility. Nothing in this Declaration shall be construed to require Declarant to install Street Lights within Valencia Falls.

(6) Decorative Street Lights. Declarant reserves the right, but shall not be obligated, to install "Decorative Street Lights" in or near the entranceway and guardhouse to Valencia Falls. The Decorative Street Lights shall be installed, repaired, replaced, relocated, maintained and owned by the Association.

(7) Guardhouse(s), Entranceway(s) and Entry Gate(s). Valencia Falls may include a guardhouse(s) and entry gate(s) installed by Declarant or the Association. Such guardhouse(s), entranceway(s) and/or entry gate(s) shall be deemed Association Property and shall be maintained, repaired or replaced by the Association and the expense thereof shall be included as an Operating Expense. The guardhouse(s), if any, may or may not be staffed, as determined in the sole discretion of the Association. All other portions of the entranceway(s) shall also be owned and maintained by the Association. Neither Declarant nor the Association makes any representations whatsoever as to the security of the premises or the effectiveness of any entry gate(s). All Owners agree to hold Declarant and the Association harmless from any loss or claim arising within the Property from the occurrence of a crime or other act. The Owners acknowledge that the entry gate(s) are designed to deter crime, not prevent it. Notwithstanding anything herein to the contrary, neither

Declarant nor the Association makes any representations whatsoever to commence, complete, construct or staff any guardhouse(s) or entry gate(s) within any specific time period.

(8) Buffers. The "Buffers" are those portions of the Property which run along the outer perimeter of the Property, the perimeter of the Recreation Tracts or adjacent to certain Streets, Drives, Roads and/or Roadways, and are designated on the Plat or Additional Plat, if any, as "BT" tracts or as buffers. In order to preserve the aesthetic image of Valencia Falls and to help maximize the Owners' use and enjoyment thereof, no Improvements, landscaping or other additions are permitted within the Buffers without the prior written consent of the Committee (as hereinafter defined) and appropriate governmental agencies, excepting any Improvements, landscaping or other additions made or installed by Declarant, such as, but not limited to, signs, walkways, walls and light poles.

(9) Drainage System. The Drainage System within Valencia Falls, as shown on the Plat, or Additional Plat, if any, is a private drainage system. The Association shall be responsible for all costs associated with all cleaning, maintenance, repair and replacement of any portion of the Drainage System necessary to maintain the system in its original condition and use. The Drainage System is also designed to serve the public roadway known as "Hagen Ranch Road" lying adjacent to the Property. The owners of Hagen Ranch Road are not obligated to pay any of the costs and expenses associated with the Drainage System.

(10) Irrigation System. The central irrigation system for the Association Property and any or all of the Lots within Valencia Falls as described in Article VI, Section 7 hereof.

(11) Right to Add Additional Improvements. Such portions of the Association Property upon which Declarant has constructed, or hereafter constructs, Improvements shall be kept and maintained for use in a manner consistent with the nature of such Improvements located, or to be located, thereon. Declarant reserves the right, but shall not be obligated, to construct additional facilities upon the Association Property. The decision as to whether to construct additional facilities and the construction thereof shall be in the sole discretion of Declarant.

Section 3. LAKE LOTS. Notwithstanding anything contained herein to the contrary, and subject to the rights and obligations of the Association to maintain the Lakes as aforesaid for water retention, drainage, irrigation and water management purposes for all of Valencia Falls and the right of the Association to adopt rules from time to time with respect to the use of the Lakes for such purposes, the Lakes shall be reserved for the private use and enjoyment of all Owners, their family members, guests, invitees and tenants, but only in accordance with this Declaration.

Fishing in the Lakes shall be permitted; however, notwithstanding anything contained herein to the contrary, an Owner shall only access the Lakes from the "Lake Maintenance Access Easement" or "Lake Maintenance Easement" shown on the Plat, or Additional Plat, if any, which immediately abuts his Lot if the Owner's Lot is a Lake Lot ("Lake Lot Owner"). If an Owner is not a Lake Lot Owner, or if a Lake Lot Owner wishes to access a different Lake or another area of the same Lake, access to the Lake shall be exclusively from the Lake Maintenance Access Easement abutting a Landscaped Area or Grassed Area (as defined in Section 2[4] hereof) and such access shall be limited to the portion of the Lake Maintenance Access Easement or Lake Maintenance Easement and lake bank abutting the Landscaped Area or Grassed Area. If no portion of the Lake Maintenance Access Easement or Lake Maintenance Easement and lake bank abuts a Landscaped Area or Grassed Area, Owners other than Lake Lot Owners whose Lots abut the Lake shall not be permitted access to that Lake. In addition, no Owner shall be permitted access to or to fish in any

Lake Maintenance Easement or lake bank area which immediately abuts a Lake Lot owned by another.

Lake Lot Owners and their family members, guests, invitees and tenants shall be permitted to operate non-motorized and electric watercraft in the Lakes. No other persons shall be entitled to operate watercraft in the Lakes. Notwithstanding the foregoing, the launching into and removal from a Lake of any permitted non-motorized or electric watercraft by a Lake Lot Owner shall be limited to such Lake Lot Owner's Lake Lot and the Lake Lot Owner shall only access the Lakes from the Lake Maintenance Easement or Lake Maintenance Access Easement which immediately abuts such Lake Lot Owner's Lake Lot. Watercraft shall be limited in size to eighteen feet (18').

No planting, fencing or other Improvements or additions to the Landscaped Area or Grassed Area surrounding the Lake and outside the Lot is permitted. No installation of sand or other materials intended to simulate a beach shall be permitted along the Lake banks or within the Lake Maintenance Easement or Lake Maintenance Access Easement or rear yards of Lake Lots. Swimming and the operation of motorized watercraft, other than electrically operated watercraft, in the Lakes are prohibited. Watercraft and trailers shall not be stored on the Lake banks or the Lake Maintenance Easement. Only watercraft which are permitted to be used within the Lakes of Valencia Falls may be stored within the backyards of Lake Lots. In addition to the use of any Lake Maintenance Easement by any Owner, as described above, the Lake Maintenance Easement is for the use of the Association, the County, the applicable water management district and any other governmental agency for access to the Lakes for maintenance of the Lakes and littoral plantings and other proper purposes. No removal or damage to littoral or wetland plantings is permitted.

Section 4. COSTS. All costs associated with operating, maintaining, repairing and replacing the Association Property shall be the obligation of the Association. The Association Property shall be conveyed to the Association in accordance with the provisions of Article III, Section 6 hereof.

Section 5. PRIVATE USE. For the term of this Declaration, the Association Property is not for the use and enjoyment of the public, but is expressly reserved for the private use and enjoyment of Declarant, the Association, and the Owners, and their family members, guests, invitees and lessees, but only in accordance with this Declaration.

A. Notwithstanding anything in this Declaration to the contrary, however, Declarant hereby expressly reserves the right to use the Association Property for such period of time as Declarant determines to be necessary in connection with the sale and marketing by Declarant of Homes in Valencia Falls and in any other communities developed or to be developed by Declarant or its affiliates, including, but not limited to, the holding of sales and marketing meetings and engaging in sales promotions and related sales and marketing activities.

B. Except to the extent herein provided, the Association Property shall be for the sole and exclusive use of the Owners and residents of Valencia Falls and their family members, guests, invitees and lessees.

C. The administration, management, operation and maintenance of the Association Property shall be the responsibility of the Association, as provided herein and in the Valencia Falls Documents.

D. The right to use the Association Property shall be subject to the rules and regulations established by the Association.

Section 6. PRIVACY FENCES AND HEDGES. Certain of the Lots within Valencia Falls on which "zero lot line" or "Z-lot line" homes are constructed, as further described in Article IV, Section 6.C herein, may have privacy fences installed by Declarant ("Privacy Fences") on or along their rear and/or side lot lines (or portions thereof), with hedges planted by Declarant on either or both sides of such Privacy Fences ("Hedges"). The Privacy Fences and Hedges are the maintenance, repair and replacement obligation of the Association, except as otherwise provided in Article X, Section 17 herein, and may not be altered in any way or removed by the Owner of the Lot.

Section 7. MODEL ROW. Declarant hereby reserves the right to construct and/or operate a "model row(s)" in Valencia Falls. The "model row(s)" may contain models for Valencia Falls or other communities, as Declarant and/or any of Declarant's affiliates may so determine, in their sole discretion. The "model row(s)" may also contain parking, landscaping and fencing across Streets, Drives, Roads and/or Roadways as Declarant may determine in its sole discretion. In the event that Declarant and/or any of Declarant's affiliates constructs a "model row(s)" in Valencia Falls, such "model row(s)" may be used for such period of time that Declarant and/or any of Declarant's affiliates determines to be necessary in its sole judgment. By his acceptance of a deed for a Lot in Valencia Falls, each Owner agrees and acknowledges that: (i) Declarant and/or any of Declarant's affiliates have a right to construct and/or operate a "model row(s)"; (ii) Declarant and/or any of its affiliates have an easement over Valencia Falls for ingress and egress to and from the "model row(s)" and to use and show the models to prospective purchasers in Valencia Falls or other communities being developed by Declarant and/or any of Declarant's affiliates, as long as such "model row(s)" exists; and (iii) he shall not interfere in any manner whatsoever in the sales process by Declarant and/or any of its affiliates, including the carrying of signs or other types of demonstrations in Valencia Falls or any public right-of-way adjacent to the Property. Each Owner acknowledges that any such activities interfere with the quiet enjoyment of Valencia Falls by the other Owners, are detrimental to the value of the Homes within Valencia Falls, and interfere with the Declarant's ability to conduct its business.

Section 8. COMMUNITY SERVICES. Declarant shall have the right, but not the obligation, to convey, transfer, sell or assign all or any portion of the Community Systems located within the Property, or all or any portion of the rights, duties or obligations with respect thereto to the Association or any other person or entity (including an Owner, as to any portion of a Community System located on/in his Lot). Without limiting the generality of this Section 8, if and when any of the aforesaid entities receives such a conveyance, sale, transfer or assignment, such entity shall automatically be deemed vested with such rights of Declarant with regard thereto as are assigned by Declarant in connection therewith; provided, however, that if the Association is the applicable entity, then any Community Systems or portions thereof shall be deemed Association Property hereunder and the Association's rights, duties and obligations with respect thereto shall be the same as those applicable to other Association Property unless otherwise provided by Declarant. Any conveyance, transfer, sale or assignment made by Declarant pursuant to this Section 8, (i) may be made with or without consideration, (ii) shall not require the consent or approval of the Association or any Owner, and (iii) if made to the Association, shall be deemed to have been automatically accepted (with all rights, duties, obligations and liabilities with respect thereto being deemed to have been automatically assumed). In recognition of the intended increased effectiveness and potentially decreased installation and maintenance costs and user fees arising from the connection of Lots and Association Property in the Property to the applicable Community Systems, each Owner and occupant of a Unit shall by virtue of the acceptance of a deed to a Lot or other right of occupancy thereof, be deemed to have consented to and ratified any and all agreements to which the Association is a party which is based upon (in terms of pricing structure or otherwise) a requirement that all Lots

be so connected. The foregoing shall not, however, prohibit the Association or Community Systems provider from making exceptions to any such 100% use requirement in its reasonable discretion.

WITH RESPECT TO COMMUNITY SYSTEMS, ALL PERSONS ARE REFERRED TO ARTICLE XIV, SECTION 14 HEREOF, WHICH SHALL AT ALL TIMES APPLY TO THIS SECTION.

### ARTICLE III

#### ADDITIONS TO AND WITHDRAWALS FROM THE PROPERTY; CONVEYANCE OF ASSOCIATION PROPERTY

Section 1. ADDITIONS. Declarant may from time to time, in its sole discretion, by recording appropriate Supplemental Declaration(s) in the Public Records of the County, add any Additional Property or any other real property to the Property governed by this Declaration, and may declare all or part of such Additional Property or other property (including any Improvements thereon) to be Lots or Association Property. Upon the recording of a Supplemental Declaration, the property described therein shall be deemed part of the Property as if it were originally included therein and subject to this Declaration. Any such Supplemental Declaration may submit any Additional Property or any other real property to such modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient to reflect or adapt to any changes in circumstances or differences in the character of any such Additional Property or other property. Nothing contained in this Section 1 shall be construed to require the joinder by or entitle a right to consent by Owners or the Association to any such Supplemental Declaration; provided, however, the Association shall join in the execution of any such Supplemental Declaration at the request of Declarant.

Section 2. DESIGNATION OF ADDITIONAL ASSOCIATION PROPERTY. The Declarant may, from time to time, by recording Supplemental Declarations in the County, designate additional portions of the then existing Property owned by it to be Association Property.

Section 3. DISCLAIMER OF IMPLICATION. Only the real property described in Exhibit "A" hereto is submitted and declared as the Property subject to this Declaration. Unless and until a Supplemental Declaration is recorded in the fashion required pursuant to this Declaration, no other property (including any Additional Property) shall in any way be deemed to constitute a portion of the Property or be affected by the covenants and restrictions expressly binding the Property as provided by the terms of this Declaration.

Section 4. ABSENCE OF OBLIGATION. Nothing in this Declaration shall be construed to require the Declarant to add any Additional Property to the Property encumbered by this Declaration or to require it to declare any portion of any properties added to the Property to be Association Property, nor shall anything in this Declaration be construed to require the Declarant to declare any portion or portions of the existing Property as Association Property, except to the extent herein specifically provided.

Section 5. WITHDRAWAL. Notwithstanding anything herein to the contrary, Declarant reserves the absolute right at any time to withdraw portions of the Property from the provisions of this Declaration by recording an appropriate Supplemental Declaration in the County; provided, however, that such withdrawal of portions of the Property from the provisions of this Declaration are subject to the prior written approval of the Palm Beach County Attorney's Office. Any such Supplemental Declaration must be executed by the Declarant, the Owner of each Lot located on the Property sought to be withdrawn (if any) and each holder of an Institutional Mortgage on a Lot

located on the Property sought to be withdrawn (if any), in order to be effective. Nothing contained in this Section shall be construed to require the joinder or consent by Owners of Lots upon the portion of the Property which is not withdrawn by such Supplemental Declaration, such Owners' Institutional Mortgagees, or the Association.

**Section 6. TITLE TO THE ASSOCIATION PROPERTY.** To the extent herein provided, the Association Property is hereby dedicated to the joint and several use in common of the Owners of all Lots that may, from time to time, constitute part of the Property. When title to all Lots which are subject to the provisions hereof has been conveyed to non-Declarant purchasers, or five (5) years after the conveyance of the first Home and Lot to a non-Declarant purchaser, whichever occurs first, or earlier at Declarant's option exercisable from time to time, as to any portions of the Association Property, the Declarant or its successors and assigns shall convey and transfer to the Association, by quit claim deed, the fee simple title to the Association Property free and clear of any liens and the Association shall accept such conveyance, holding title for the Owners as aforesaid. Such conveyance shall be subject to any real estate taxes and assessments due with respect to such Association Property from and after the date of recording this Declaration; any covenants, conditions, restrictions, reservations and limitations then of record; the easements herein set out; any zoning ordinances then applicable; and this Declaration, as amended from time to time.

At the time of conveyance of the Association Property or any portion thereof, the Association shall be required to accept such property and the personal property, if any, and Improvements appurtenant thereto. The Association hereby agrees to accept the Association Property and the personal property and Improvements appurtenant thereto in "AS IS" "WHERE IS" condition, without any representation or warranty, expressed or implied, in fact or by law, as to the condition or fitness of the Association Property or any portion thereof, and the personal property and Improvements appurtenant thereto.

The Association shall accept this conveyance of the Association Property and shall pay all costs of such conveyance including documentary stamps and other taxes of conveyance, recording charges, title insurance expenses and insurance fees. The conveyance shall not, however, impair in any way the Declarant's rights and easements as set forth in this Declaration.

Commencing upon the date this Declaration is recorded, and notwithstanding that title thereto has not yet been conveyed to the Association, the Association shall be responsible for the maintenance of the Association Property in a continuous and satisfactory manner without cost to the general taxpayers of the County. The Association shall be responsible for the payment of real estate taxes, if any, against the Association Property including taxes on any Improvements and any personal property thereon accruing from and after the date this Declaration is recorded.

The Owners (including Declarant as to Lots owned by it) shall have no personal liability for any damages for which the Association is legally liable or arising out of or connected with the existence or use of any Association Property or any other property required to be maintained by the Association.

Subject to the foregoing, the Declarant may mortgage any or all portions of the Association Property to finance construction and development expenses provided that the mortgagee recognizes the rights of Owners under this Declaration and neither the Association nor any Owner is personally liable for paying the mortgage. In such event, neither the Association nor the Owners shall be required to join in or be entitled to consent to such mortgage. The Association Property shall be released from any such mortgage no later than the date same is conveyed to the Association.

Section 7. PARKING RIGHTS. The Association may maintain upon the Association Property parking spaces for Owners, occupants, visitors and guests. The use of such parking spaces by Owners, occupants, visitors and guests shall be subject to duly adopted rules and regulations of the Association.

#### ARTICLE IV OWNERS' PROPERTY RIGHTS

Section 1. OWNERS' EASEMENTS OF ENJOYMENT. Every Owner and family member, guest, lessee, agent or invitee of an Owner shall have a permanent and perpetual, nonexclusive easement for ingress and egress over, enjoyment in, and use of Association Property within the Property, in common with all other Owners, their family members, guests, lessees, agents and invitees, which easement shall be appurtenant to, and shall pass with title to each Owner's Lot. This right shall be subject to the following conditions and limitations:

A. The right and duty of the Association to reasonably limit the number of guests, invitees or lessees of an Owner using the Association Property.

B. The right and duty of the Association to levy Assessments against each Lot for the purpose of maintaining, repairing and replacing the Association Property and facilities thereon in compliance with the provisions of this Declaration and the restrictions on portions of the Property from time to time recorded by the Declarant.

C. The right of the Association to establish uniform rules and regulations pertaining to the use of the Association Property.

D. The right of the Association to establish uniform rules and regulations pertaining to the Lots for the purposes of enhancing the aesthetic uniformity of the Property.

E. The right of the Association in accordance with its Articles, Bylaws, and this Declaration, with the vote or written assent of two-thirds (2/3) of the total voting interests, to borrow money for the purpose of improving the Association Property and facilities thereon, and, in aid thereof, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such mortgagee shall be subordinated to the use rights of the Owners.

F. The right of the Association to dedicate, release, alienate, or transfer all or any part of the Association Property to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication, release, alienation, or transfer shall be effective unless Members entitled to cast two-thirds (2/3) of the total voting interests agree to such dedication, release, alienation or transfer.

G. The right of the Association to grant easements, rights-of-way or strips of land, where necessary, for utilities, sewer facilities, cable television, and other services over the Association Property to serve the Association Property and other portions of the Property without vote of the Owners.

H. The right of the Declarant and Declarant's officers, directors, partners, employees, agents, licensees, and invitees to the nonexclusive use of the Association Property and the facilities thereon, without charge, for sales, display, access, ingress, egress, construction, and exhibit purposes.

I. The right of the Association, by action of the Board, to reconstruct, replace, or refinish any Improvement or portion thereof upon the Association Property, in accordance with the original design, finish, or standard of construction of such Improvement.

J. The right of the Association to replace destroyed trees or other vegetation and plant trees, shrubs, and ground cover upon any portion of the Association Property.

K. The right, however not the duty, of the Association by action of the Board to seek the vacation of publicly dedicated streets, if any, upon the Property.

L. The easements provided elsewhere in this Declaration, designated on the Plat, or on the Additional Plat, if any, including, but not limited to, those set forth in this Article IV.

M. The right of the Association to provide for the maintenance, preservation and architectural control of Lots and other properties as set forth in this Declaration.

Section 2. DELEGATION OF USE. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Association Property to the members of his family, or to the lessees who reside in his Home, subject to all of the rules and regulations presently in effect and any which may become effective in the future, and further subject to reasonable regulation by the Board.

Section 3. RECOGNITION OF EXISTING EASEMENTS. Each Owner, by acceptance of a deed or other instrument of conveyance, recognizes and consents to the easements reserved and/or granted with respect to the Property under this Declaration.

Section 4. EASEMENTS FOR VEHICULAR TRAFFIC. In addition to the general easements for use of the Association Property reserved herein, there shall be, and Declarant hereby reserves, grants, and covenants for itself and all future Owners, their family members, guests, invitees and lessees, Institutional Mortgagees of the Property (or portions thereof), and to the Association, that all of the foregoing shall have a perpetual nonexclusive easement for vehicular traffic over (i) all streets dedicated to the public use, if any (as well as alcoves, cul de sacs, and other private, paved areas abutting or serving the same), and (ii) any private Streets, Drives, Roads and/or Roadways within or upon the Property.

Section 5. ACCESS EASEMENT. Declarant hereby reserves perpetual, nonexclusive easements of ingress and egress over and across (i) any and all streets dedicated to the public use, if any (as well as alcoves, cul de sacs, and other private, paved areas abutting or serving the same), and (ii) any private Streets, Drives, Roads and/or Roadways and driveways within or upon the Property and all other portions of the Property which are necessary or convenient for enabling Declarant to carry on the work referred to in this Declaration, which easements shall be for the use of Declarant, Declarant's employees, contractors and agents, Declarant's successors and assigns, Owners, and the respective lessees, employees, agents, invitees, and licensees of Declarant and Owners.

Section 6. GRANT AND RESERVATION OF EASEMENTS. Declarant hereby reserves and grants the following perpetual, nonexclusive easements over and across the Property as covenants

running with the Property for the benefit of the Owners, the Association, and Declarant as hereinafter specified for the following purposes:

A. **Utility and Services Easements.** All of the Property shall be subject to an easement or easements to provide for: (a) installation, service, repair and maintenance of the equipment required to provide utility services (other than Community Services) to the Association Property and the Lots, including, but not limited to, power, lights, gas, water, sewer, irrigation and drainage, and (b) governmental services, including, but not limited to, police, fire, health, sanitation and other public service personnel, including reasonable rights of access for persons and equipment necessary for such purposes for the benefit of the appropriate utility companies, agencies, franchises or governmental agencies.

B. **Easement for Encroachment.** All of the Property shall be subject to an easement or easements for encroachment in favor of each Owner in the event any portion of his Home or appurtenant Improvements installed by Declarant such as stucco, a fence or underground footer now or hereafter encroaches upon any of the Lots as a result of minor inaccuracies in survey or construction, by design, or due to settlement or movement. Such encroaching Improvements installed by Declarant shall remain undisturbed for so long as the encroachment exists. Any easement for encroachment shall include an easement for the maintenance and use of the encroaching Improvements in favor of the Owner thereof or his designees.

C. **Zero Lot Line and Z-Lot Line Maintenance Easements.**

(1) **Preamble:** A portion of the Homes in Valencia Falls may be designed and site planned as "zero lot line" and/or "Z-Lot" homes, such that each Home is constructed so that all or portions of one side, or in the case of "Z-Lots", both sides, of such Home (and such fences or masonry walls extending from such side or sides) are situated on the side boundary line(s) of the Lot. Because of this design, it is necessary to provide a means by which the Owner of a Lot ("Dominant Lot") containing such a Home may have access to the "zero lot line" side or the zero lot line side(s) of a "Z-Lot" Home (and other portions of his Lot and Home) in order to maintain portions of the Lot, the side(s) of the Home, the roof and other applicable portions of the Home and Lot, and so that rain water may run off the roof of a particular Home onto the easement area described below. Because such access must be, of necessity, over those portions of the neighboring Lot or Lots ("Servient Lot[s]") adjacent to the "zero lot line" side of such Home or zero-lot line side(s) of such "Z-Lot" Home, as applicable, Declarant hereby makes provision for the "Maintenance Easements" declared and regulated pursuant to this Section 6 (as well as similar easements for the aforesaid purposes which may, but need not, appear on the Plat).

(2) **Creation and Extent of Maintenance Easement:** Declarant hereby reserves a permanent and perpetual non-exclusive maintenance easement in favor of each Dominant Lot over the unimproved portion of the Servient Lot(s) adjacent to the building lines of the "zero lot line" or the zero lot line side(s) of a "Z-Lot" Home, as applicable, located on the Dominant Lot, which building lines are co-extensive with the Lot lines dividing the aforesaid Lots ("Maintenance Easement"). Said Maintenance Easement shall be appurtenant to and pass with the title of the Dominant Lot and the Servient Lot(s). The Maintenance Easement shall be only as extensive as reasonably necessary to permit the Owner of a Dominant Lot to make the uses described in the Preamble above, subparagraph (3) below and for rainwater run-off, but in no event less than the greater of seven (7) feet in width or as may be otherwise shown as an access or similar easement on the Plat.

(3) **Use and Conditions of Maintenance Easement:** The Owner of a Dominant Lot, his guests, invitees, contractors, subcontractors, suppliers, laborers and other service personnel, shall be entitled to enter onto the appurtenant Maintenance Easement for purposes of maintaining, repairing and replacing portions of his Lot and Home including, without limitation, the Home's walls, roof, fence, landscaping and other installations which cannot be conveniently or properly maintained, repaired or replaced solely from the Dominant Lot. The right of each Owner of the Dominant Lot to use the Maintenance Easement shall be limited to the aforesaid uses and such Owner shall not do anything within the Servient Lot(s) which shall cause damage to the Servient Lot(s) or any Improvement or landscaping thereon which is not promptly and fully remedied by said Owner to return such damaged Improvement or landscaping to the condition immediately preceding said damage, shall create an undue hazard to persons or pets located on or coming into the Servient Lot(s) or is in furtherance of any activity as to the Dominant Lot or the Home thereon which is, or would result in, a violation of the restrictions set forth in the Valencia Falls Documents. The Owner of the Dominant Lot shall, by virtue of making use of any Maintenance Easement, be deemed to indemnify the Owner of a Servient Lot for any and all losses, costs, expenses or damage to any person or property incurred by reason of the former's violations of the restrictions contained herein.

(4) **Servient Lot Owner Duties:** Owners of Servient Lots shall not make any improvement to the Servient Lot, including, without limitation, the placement of fences or landscaping, which would unreasonably interfere with the permissible uses of any maintenance or access easement appurtenant to the adjoining Dominant Lot reserved hereby or with the flowage easement described in this Section 6. Notwithstanding the foregoing, except as prohibited under Article X, Section 17 hereof, the Owner of a Servient Lot may install a fence or landscaping thereon provided such installation is approved by the Committee pursuant to Article VIII hereof.

(5) **Reciprocity:** Each Owner, by acceptance of a deed for a Lot containing a "zero lot line" or "Z-Lot" Home, hereby acknowledges and agrees that such Owner's Lot may not only be a Dominant Lot having rights across adjacent Servient Lots as hereinbefore described but also a Servient Lot encumbered by the easement rights hereinbefore described in favor of the Dominant Lots adjacent to such Lot.

D. **Easement to Enter Upon Lots.** An easement or easements for ingress and egress in favor of the Association, including the Board or the designee of the Board, to enter upon the Lots for the purposes of fulfilling its duties and responsibilities of ownership, maintenance and/or repair in accordance with the Valencia Falls Documents, including, by way of example, the making of such repairs, maintenance or reconstruction as are necessary for the Association Property and to maintain any Lot in the event the Owner thereof fails to do so.

E. **Easement Over Association Property.** An easement of enjoyment in favor of all Owners, their family members, guests, invitees and lessees in and to the Association Property which shall be appurtenant to and shall pass with title to every Lot in the Property, subject to the following:

(1) the right of the Association to suspend the right to use the Association Property of any Owner for any period during which Assessments against his Lot remain unpaid, subject to the notice and hearing provisions in Article X, Section 1 herein;

(2) the right of the Association to grant permits, licenses and easements over the Association Property for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property; and

(3) all provisions set forth in the Valencia Falls Documents.

F. Easement for Roof Overhang. An easement or easements to provide for the roof overhang of a Home in favor of the Owner thereof, including rights of access for persons or equipment necessary to maintain, repair and replace such roof overhang.

G. Drainage and Irrigation Easement. An easement for drainage, flowage and irrigation over, under and upon the Property, including each of the Lots, in favor of the Association and each of the Owners, including, but not limited to, reasonable rights of access for persons and equipment to construct, install, maintain, alter, inspect, remove, relocate and repair the water drainage system, flowage pipes and irrigation pipes.

H. Drainage System Encroachment Easement. An easement for encroachment over, under and upon the drainage easements located within the Lots, as designated on the Plat and Additional Plat, if any, in favor of (i) the Owner of the Lot upon which the drainage easement is located for the existence of any driveway and/or sidewalk or irrigation system or part thereof, and (ii) the Association for reasonable rights of access for persons and equipment to construct, install, maintain, alter, inspect, remove, relocate and repair any driveway and/or sidewalk, or irrigation system or part thereof installed or located thereon. In the event the Association requires access to any Drainage System improvements within a drainage easement located within a Lot upon which any such driveway and/or sidewalk or irrigation system encroaches, the Association has the obligation, at its own cost and expense, to remove and replace any such encroachment, and to return it to its condition immediately preceding such removal and replacement once access to the drainage easement is no longer required. The flowage easements providing for drainage run between each of the Lots parallel to and over the side lot line thereof, draining from the rear to the front of the Lots.

Section 7. EASEMENT FOR COMMUNITY SYSTEMS. Notwithstanding anything to the contrary in this Declaration, Declarant and its affiliates and its and their designees shall have a perpetual exclusive easement over, across, upon and under the Association Property and the Lots for the installation, operation, maintenance, repair, replacement, alteration and expansion of Community Systems.

Section 8. ASSIGNMENTS. The easements reserved hereunder may be assigned by Declarant or the Association in whole or in part to any city, county or state government or agency thereof, or any duly licensed or franchised public utility, or any other designee of Declarant. The Owners hereby authorize Declarant and/or the Association to execute, on their behalf and without further authorization, such grants of easement or other instruments as may from time to time be necessary to grant easements over and upon the Property or portions thereof in accordance with the provisions of this Declaration.

Notwithstanding anything in this Declaration to the contrary, except for the easements and rights reserved by Declarant for the Community Systems, all other easement rights reserved or granted to Declarant shall terminate upon Declarant no longer holding title to any Lot or Home on the Property or holding a leasehold interest in any Lot or holding a mortgage on a Lot or Home on the Property. In addition, the easement rights granted or reserved by Declarant hereunder are not to be construed as creating an affirmative obligation to act on the part of Declarant.

## ARTICLE V

### MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION; BOARD; DURATION OF THE ASSOCIATION

Section 1. MEMBERSHIP AND VOTING RIGHTS. Membership in the Association shall be established and terminated as set forth in the Articles. Each Member shall be entitled to the benefit of, and be subject to, the provisions of the Valencia Falls Documents. The voting rights of the Members shall be as set forth in the Articles.

Section 2. BOARD. The Association shall be governed by the Board which shall be appointed, designated or elected, as the case may be, as set forth in the Articles.

Section 3. DURATION OF ASSOCIATION. The duration of the Association shall be perpetual, as set forth in the Articles.

## ARTICLE VI

### COVENANT TO PAY ASSESSMENTS; ESTABLISHMENT OF LIENS; COLLECTION OF ASSESSMENTS; COLLECTION BY DECLARANT; CERTAIN RIGHTS OF DECLARANT AND INSTITUTIONAL MORTGAGEES

Section 1. AFFIRMATIVE COVENANT TO PAY ASSESSMENTS. In order to: (i) fulfill the terms, provisions, covenants and conditions contained in the Valencia Falls Documents; and (ii) maintain, operate and preserve the Association Property for the use, safety, welfare and benefit of the Members and their family members, guests, invitees and lessees, there is hereby imposed upon each Completed Lot, and Incomplete Lot, and each Completed Lot Owner and Incomplete Lot Owner, the affirmative covenant and obligation to pay to the Association commencing from and after the first conveyance of a Home from Declarant as evidenced by the recordation of a Deed in the Public Records of the County (in the manner herein set forth) all Assessments, including, but not limited to, the Individual Lot Assessments and Special Assessments. Each Owner, by acceptance of a deed or other instrument of conveyance conveying a Lot within the Property, whether or not it shall be so expressed in such deed or instrument, shall be obligated and agrees to pay to the Association all Assessments in accordance with the provisions of the Valencia Falls Documents.

The following expenses of the Association are hereby declared to be Operating Expenses which the Association is obligated to assess and collect, and which the Owners are obligated to pay as provided herein or as may be otherwise provided in the Valencia Falls Documents: (1) any and all taxes and tax liens which may be assessed or levied at any and all times against the Association Property, the Community Services or against any and all personal property or Improvements thereon; (2) all charges levied for Community Services or other utilities providing services for the Association Property, such as water, gas, electricity, telephone, cable television, sanitation, sewer and any type of utility or any other type of service charge which is not separately billed to an Owner; (3) the premiums on policies of insurance including, but not limited to, liability, casualty and directors and officers liability insurance for the Association Property; (4) any sums necessary for the maintenance and repair of the Association Property and all Improvements located thereon; (5) administrative and operational expenses; (6) fees and other costs of water usage relating to the Irrigation System, and (7) any and all expenses deemed to be Operating Expenses by the Association. Reserves for replacements are specifically excluded from Operating Expenses. The Board may, if it so determines, include reserves in the Association's annual budget; however, reserves are not part of Operating Expenses and are therefore payable only by Completed Lot Owners. In addition, any

expense which is required by the Declaration to be the matter of Special Assessment shall not be deemed to be an Operating Expense. Expenses which are required to be the matter of Special Assessment include, by way of example but not by way of limitation, the following: the cost of reconstructing, replacing or improving the Association Property or any portion thereof or Improvements thereon; any casualty loss affecting the Association or the Association Property to the extent such loss exceeds the insurance proceeds, if any, receivable by the Association as a result of such loss; any judgment against the Association (or against a Director or Directors if and to the extent such Director is, or such Directors are, entitled to be indemnified by the Association therefor pursuant to the Articles) to the extent such judgment exceeds the insurance proceeds, if any, received by the Association as a result of such judgment, or an agreement by the Association (or such Director or Directors to whom indemnification is owed) to pay an amount in settlement of a lawsuit against it (or such Director or Directors) to the extent such settlement exceeds the insurance proceeds, if any, received by the Association as a result of such settlement agreement; and legal fees and costs (including, without limitation, attorneys and paralegal fees and court costs) incurred by the Association in connection with litigation (whether incurred for the preparation, filing, prosecution or settlement thereof or otherwise), except Legal Fees incurred by the Association in connection with the collection of Assessments or other charges which Owners are obligated to pay pursuant to the Valencia Falls Documents or the enforcement of the use and occupancy restrictions contained in the Valencia Falls Documents.

The Operating Expenses with respect to the Association Property are payable by each Owner to the Association notwithstanding the fact that Declarant may not have as yet conveyed title to the Association Property to the Association.

**Section 2. ESTABLISHMENT OF LIENS.** Each Assessment against a Lot, together with Interest thereon and costs of collection, including, but not limited to, Legal Fees, shall be the personal obligation of the Owner of such Lot. Any and all Assessments made by the Association in accordance with the provisions of the Valencia Falls Documents with Interest thereon and costs of collection, including, but not limited to, Legal Fees, are hereby declared to be a charge and continuing lien upon each Lot against which each such Assessment is made. Said lien shall be effective only from and after the time of the recordation amongst the Public Records of the County of a written, acknowledged statement by the Association setting forth the amount due to the Association as of the date the statement is signed. Upon full payment of all sums secured by that lien, the party making payment shall be entitled to a satisfaction of the statement of lien in recordable form. Notwithstanding anything to the contrary herein contained, in the event an Institutional Mortgagee of record obtains title to a Lot as a result of foreclosure of its first mortgage or deed in lieu of foreclosure, such acquirer of title, its successors or assigns, shall not be liable for the share of Assessments pertaining to such Lot or chargeable to the former Owner thereof which became due prior to the acquisition of title as a result of the foreclosure or deed in lieu thereof, unless the Assessment against the Lot in question is secured by a claim of lien for Assessments that is recorded prior to the recordation of the mortgage which was foreclosed or with respect to which a deed in lieu of foreclosure was given.

**Section 3. COLLECTION OF ASSESSMENTS.** In the event any Owner shall fail to pay any Assessment, or installment thereof, charged to such Owner within fifteen (15) days after the same becomes due, then the Association, through its Board, shall have any and all of the following remedies to the extent permitted by law, which remedies are cumulative and which remedies are not in lieu of, but are in addition to, all other remedies available to the Association:

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

2. To advance on behalf of the Owner(s) in default funds to accomplish the needs of the Association up to and including the full amount for which such Owner(s) is liable to the Association and the amount or amounts of monies so advanced, together with Interest and all costs of collection thereof, including, but not limited to, Legal Fees, may thereupon be collected by the Association from the Owner(s) and Parcel Owner(s) and such advance 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 as provided in Section 2 hereinabove. 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.

4. To file an action at law to collect said Assessment plus Interest and all costs of collection thereof, including, but not limited to, Legal Fees, without waiving any lien rights or rights of foreclosure in the Association.

5. To charge Interest on such Assessment from the date it becomes due, as well as a late charge of Twenty-Five Dollars (\$25) by the Association to defray additional collection costs.

6. To suspend the use rights of the Owner(s) in default to the Association Property, subject to the Notice and Hearing provisions in Article X, Section 1 herein.

7. To suspend the right of the Owner(s) in default to vote on any matter on which Owners have the right to vote if such Owner is delinquent in payment of assessments for more than ninety (90) days.

**Section 4. COLLECTION BY DECLARANT.** In the event for any reason the Association shall fail to collect the Assessments, Declarant shall at all times have the right (but not the obligation): (i) to advance such sums as the Association could have advanced as set forth above; and (ii) to collect such Assessments and, if applicable, any such sums advanced by Declarant, together with Interest and costs of collection, including, but not limited to, Legal Fees.

**Section 5. RIGHTS OF DECLARANT AND INSTITUTIONAL MORTGAGEES TO PAY ASSESSMENTS AND RECEIVE REIMBURSEMENT.** Declarant and any Institutional Mortgagee(s) shall have the right, but not the obligation, jointly or individually, and at their sole option, to pay any of the Assessments which are in default and which may or have become a charge against any Lot(s). Further, Declarant and any Institutional Mortgagee shall have the right, but not the obligation, jointly or individually, and, at their sole option, to pay insurance premiums or fidelity bond premiums or other required items of Operating Expenses on behalf of the Association in the event the same are overdue and when lapses in policies or services may occur. Declarant and any Institutional Mortgagee paying overdue Operating Expenses on behalf of the Association will be entitled to immediate reimbursement from the Association plus Interest and any costs of collection including, but not limited to, Legal Fees, and the Association shall execute an instrument in recordable form to this effect and deliver the original of such instrument to each Institutional Mortgagee who is so entitled to reimbursement and to Declarant if Declarant is entitled to reimbursement.

Section 6. COMMUNITY SYSTEMS SERVICES. The Association shall have the right to enter into one or more agreement(s) ("Bundled Service Agreements") for receipt of television (via cable, satellite or otherwise), entertainment, telecommunication, internet, monitored alarm and/or other services (collectively, "Bundled Services") for Homes in Valencia Falls. Any and all costs and expenses incurred by the Association under or pursuant to any Bundled Service Agreements entered into by the Association for Bundled Services will be assessed against all Completed Lot Owners.

It is contemplated that there may be features and services that are or will be available in addition to and not part of the Bundled Services (each, an "Optional Service"). Notwithstanding anything to the contrary contained in this Declaration, the costs and expenses charged to the Association under the Bundled Services Agreements shall be apportioned equally, but only amongst those Homes with respect to which the Association is being charged under or pursuant to the Bundled Services Agreement except to the extent, if any, that any Owner elects to receive an Optional Service (being a service not automatically received by all Owners entitled to receive Bundled Services pursuant to the Bundled Services Agreements). Each Owner who receives an Optional Service, if any, shall be responsible for paying for the costs thereof. The foregoing shall in no way obligate Declarant or the Association to enter into any Bundled Services Agreement.

Section 7. CENTRAL IRRIGATION SYSTEM. The Declarant shall have the right to install a central irrigation system (referred to in this Declaration as the "Irrigation System") using reclaimed water provided by the County for the Association Property and any or all of the Lots within Valencia Falls. In the event Declarant installs a central irrigation system for the Association Property and/or any or all of the Lots within Valencia Falls, the responsibility for operating, maintaining and repairing such system shall be governed by the provisions of Section 1.B and Section 2.A of Article IX below. The foregoing shall in no way obligate Declarant to install a central irrigation system using reclaimed water within any or all of the Lots within Valencia Falls.

## ARTICLE VII

### METHOD OF DETERMINING ASSESSMENTS AND ALLOCATION OF ASSESSMENTS

Section 1. DETERMINING AMOUNT OF ASSESSMENTS. The total anticipated Operating Expenses for each calendar year shall be set forth in the budget ("Budget") prepared by the Board as required under the Valencia Falls Documents. Each Completed Lot and Incomplete Lot shall be assessed its *pro rata* portion of the total anticipated Operating Expenses, which shall be the "Individual Lot Assessment" as to each Lot. The Individual Lot Assessment shall be based upon the level of service to each Lot and upon the state of the Lot's development, with the Owners of Completed Lots paying the Operating Expenses on a twenty to one ratio (20:1) compared to the Owners of Incomplete Lots as set forth below. Therefore, the Completed Lot Owners and Incomplete Lot Owners shall share the payment of the Operating Expenses on a ratio of twenty to one (20:1). Therefore, the total anticipated Operating Expenses (other than those expenses which are properly the subject of Special Assessment) shall be divided by the total number of Completed Lots multiplied by twenty (20) plus the number of Incomplete Lots, with the quotient thus arrived at being the "Individual Lot Assessment" for an Incomplete Lot. Said quotient multiplied by twenty (20) shall be the Individual Lot Assessment for a Completed Lot. The number of Completed Lots and Incomplete Lots shall be adjusted quarterly, as needed, as hereinafter set forth. At such time as Declarant has completed all of the Homes on all of the Lots, each Lot shall be a Completed Lot and the Individual Lot Assessment shall be equal for each Lot. Notwithstanding anything in the Valencia Falls Documents to the contrary, any Assessment for legal expenses incurred by the Association for lawsuits shall be deemed an Operating Expense which is properly the subject of Special Assessment

and not the subject of an Individual Lot Assessment, except the legal fees incurred by the Association in connection with the collection of assessments or other charges which Owners are obligated to pay pursuant to the Valencia Falls Documents or the enforcement of the use and occupancy restrictions contained in the Valencia Falls Documents.

**Section 2. ASSESSMENT PAYMENTS.** Individual Lot Assessments shall be payable quarterly, in advance, on the first day of January, April, July and October of each year, provided, however, at the Association's option, Individual Lot Assessments may be payable monthly. Individual Lot Assessments, and the quarterly or monthly installments thereof, may be adjusted from time to time by the Board to reflect changes in the number and status of Completed Lots and Incomplete Lots (thus apportioning all such Assessments and installments thereof among all Lots at the time such installment is due) or changes in the Budget or in the event the Board determines that an Assessment or any installment thereof is either less than or more than the amount actually required. When an Incomplete Lot becomes a Completed Lot during a period with respect to which an Assessment or installment thereof has already been assessed, such Completed Lot shall be deemed assessed the amount of such Assessment or installment thereof which was assessed against Completed Lots in existence at the time of such Assessment, prorated from the date the Lot became a Completed Lot through the end of the period in question. If the payment of such Assessment or installment thereof was due at the time the Lot became a Completed Lot or prior thereto, said prorated amount thereof shall be immediately due and payable. Likewise, the amount paid with respect to such Completed Lot based upon the Lot's status as an Incomplete Lot, prorated from the date the Incomplete Lot became a Completed Lot to the end of the period in question, shall be credited against the amount owed as a Completed Lot.

**Section 3. SPECIAL ASSESSMENTS.** "Special Assessments" include, in addition to other Assessments designated as Special Assessments in the Valencia Falls Documents and whether or not for a cost or expense which is included within the definition of "Operating Expenses," those Assessments which are levied for capital improvements which include the costs (whether in whole or in part) of constructing or acquiring Improvements for, or on, the Association Property or the cost (whether in whole or in part) of reconstructing or replacing such Improvements. Notwithstanding anything to the contrary herein contained, it is recognized and declared that Special Assessments shall be in addition to, and are not part of, any Individual Lot Assessment. Any Special Assessments assessed against Lots and the Owners thereof shall be paid by such Owners in addition to any other Assessments and shall be assessed in the same manner as the Individual Lot Assessment. Special Assessments shall be paid in such installments or in a lump sum as the Board shall, from time to time, determine. Notwithstanding the foregoing, the levying of any Special Assessment after the Turnover Date shall require the affirmative assent of at least two-thirds (2/3) of all Owners represented in person or by proxy at a meeting called and held in accordance with the Bylaws. Prior to the Turnover Date, a Declarant-controlled Board may make a Special Assessment without such vote of the Owners. Special Assessments are not included in the guarantee set forth in Section 5 below.

**Section 4. LIABILITY OF OWNERS FOR INDIVIDUAL LOT ASSESSMENTS.** By the acceptance of a deed or other instrument of conveyance of a Lot in the Property, each Owner thereof acknowledges that each Lot and the Owners thereof are jointly and severally liable for their own Individual Lot Assessments and their applicable portion of any Special Assessments, as well as for any and all other Assessments for which they are liable, as provided for herein. Such Owners further recognize and covenant that they are jointly and severally liable with the Owners of all Lots for the Operating Expenses (subject to any specific limitations provided for herein such as, but not limited to, the limitation with respect to matters of Special Assessment and the limitations on the liability

of Institutional Mortgagees and their successors and assigns). Accordingly, subject to such specific limitations, it is recognized and agreed by each Owner, for himself and his heirs, executors, successors and assigns, that in the event any Owner fails or refuses to pay his Individual Lot Assessment or any portion thereof, or his respective portion of any Special Assessment or any other Assessment, then the other Owners may be responsible for increased Individual Lot Assessments or Special Assessments or other Assessments due to the nonpayment by such other Owner, and such increased Individual Lot Assessment or Special Assessment or other Assessment can and may be enforced by the Association and Declarant in the same manner as all other Assessments hereunder as provided in the Valencia Falls Documents.

Section 5. GUARANTEED ASSESSMENT DURING GUARANTEE PERIOD. Declarant covenants and agrees with the Association and the Owners that, for the period commencing with the date of recordation of this Declaration and ending upon the sooner to occur of the following: (i) the Turnover Date; or (ii) December 31, 2001 ("Guarantee Period"), Declarant shall be excused from payment of its share of the Operating Expenses and Assessments related to its Lots (other than Special Assessments) and, in turn, that the Individual Lot Assessment will not exceed the dollar amount set forth in the initial Budget of the Association ("Guaranteed Assessment") and that Declarant will pay the difference ("Deficit"), if any, between (a) the Operating Expenses (other than those Operating Expenses which are properly the subject of a Special Assessment) incurred by the Association during the Guarantee Period (as same may be extended as hereinafter provided), and (b) the sum of (x) the amounts assessed as Guaranteed Assessments against Owners during the Guarantee Period (as same may be extended as hereinafter provided), (y) the "Working Fund Contributions" set forth in Article VII, Section 7 hereof, and (z) any other income of the Association during the Guarantee Period (as same may be extended as hereinafter provided). Thus, during the Guarantee Period (as same may be extended as hereinafter provided), Owners shall not be obligated to pay Assessments other than the Guaranteed Assessment and Special Assessments and the Owners' respective Working Fund Contributions. The Deficit, if any, to be paid by Declarant pursuant to this Section 5 shall be determined by looking at the Guarantee Period (as same may be extended as hereinafter provided) as a whole, without regard to quarterly, annual or any other accounting or fiscal periods and without regard to intraperiod allocations. In that regard, in the event it is determined at the end of the Guarantee Period (as same may be extended as hereinafter provided) that there is a Deficit and Declarant has previously advanced funds to the Association in excess of the Deficit during the Guarantee Period (as same may be extended as hereinafter provided), Declarant shall be entitled to the immediate repayment from the Association of the amount of funds advanced by Declarant in excess of the Deficit. Declarant hereby reserves the right to extend the Guarantee Period from time to time to a date ending no later than the Turnover Date at Declarant's sole election by providing written notice to the Association of such election at least thirty (30) days prior to the expiration of the Guarantee Period (as same may have been previously extended). Declarant also reserves the right to increase the amount of the Guaranteed Assessment during any such extended Guarantee Period. Special Assessments are not included in this guarantee. Special Assessments may include assessments for items such as capital expenditures or amounts needed to supplement repair expenses not covered by insurance. The initial Budget is based on a full build-out of Valencia Falls.

After the Guarantee Period (as same may have been previously extended) terminates, each Owner shall be obligated to pay Assessments as set forth in Article VII, Section 1 hereof, and, commencing at such time, Declarant shall be required to pay Assessments on any Lots it owns in the same manner as all other Owners.

Section 6. DECLARANT'S GUARANTEED ASSESSMENT NOT THE OBLIGATION OF INSTITUTIONAL MORTGAGEES. Notwithstanding anything to the contrary herein contained,

it is specifically understood and declared that each Owner, by the acceptance of a deed or other instrument of conveyance of a Lot within the Property, shall be deemed to have acknowledged and agreed that no Institutional Mortgagee (other than Declarant) or any successor or assign of such Institutional Mortgagee, or any person acquiring title to any part of the Property by reason of the foreclosure or otherwise of an Institutional Mortgagee shall be deemed to have made, assumed or otherwise undertaken any covenants or obligations of Declarant: (i) to guarantee the level and/or duration of any Guaranteed Assessments provided for under any of the Valencia Falls Documents; or (ii) to pay the difference between the actual Operating Expenses and the Guaranteed Assessments, if any, assessed against Lots and the Owners thereof during the Guarantee Period as may be provided for in any of the Valencia Falls Documents; provided, however, that an Institutional Mortgagee may, at its option, determine to continue the obligation of Declarant to guarantee the amount of the Assessments as herein provided. Additionally, a successor Declarant shall not be deemed to guarantee the level and/or duration of any Guaranteed Assessments provided for under any of the Valencia Falls Documents or be obligated to pay the difference between the actual Operating Expenses and the Guaranteed Assessments, if any, assessed against Lots and the Owners thereof during the Guarantee Period unless such obligation is assumed in writing by such successor declarant.

**Section 7. WORKING FUND CONTRIBUTION.** Each Owner who purchases a Lot with a Home thereon from Declarant shall pay to the Association at the time legal title is conveyed to such Owner, a "Working Fund Contribution." The Working Fund Contribution shall be an amount equal to a three months' share of the annual Operating Expenses applicable to such Lot pursuant to the initial Budget (which shall be prepared as if all Lots are Completed Lots and may be different from the Budget in effect at the time of closing). The purpose of the Working Fund Contribution is to insure that the Association will have cash available for initial start-up expenses, to meet unforeseen expenditures and to acquire additional equipment and services deemed necessary or desirable by the Board. Working Fund Contributions may also be used to offset Operating Expenses, both during the Guarantee Period and thereafter. Working Fund Contributions are not advance payments of Individual Lot Assessments and shall have no effect on future Individual Lot Assessments, nor will they be held in reserve. To further ensure that the Association will have sufficient cash available to pay for start-up expenses, Operating Expenses and other expenses, Declarant may from time to time advance to the Association the Working Fund Contribution applicable to any Lot(s) prior to the time legal title to such Lot(s) is conveyed to the Owner(s) thereof. In the event Declarant advances the Working Fund Contribution applicable to any Lot, then, at the time legal title to such Lot is conveyed to the Owner thereof, the Working Fund Contribution to be paid by such Owner to the Association pursuant to this Section 7 shall be paid directly to Declarant in reimbursement of the advance, instead of to the Association.

**Section 8. WAIVER OF USE.** No Owner, other than Declarant, may exempt himself from personal liability for Assessments duly levied by the Association. No Owner may release the Lot owned by him from the liens and charges hereof either by waiver of the use and enjoyment of the Association Property and the facilities thereon or by abandonment of his Home.

## ARTICLE VIII

ARCHITECTURAL CONTROL COMMITTEE

Section 1. MEMBERS OF THE COMMITTEE. The Architectural Control Committee, sometimes referred to in this Declaration as the "Committee," shall comprise three (3) members. The initial members of the Committee shall consist of persons designated by Declarant. Each of said persons shall hold office until all Lots and Homes have been conveyed or at such earlier time as the Declarant may, at its sole option, elect. Thereafter, each new member of the Committee shall be appointed by the Board and shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein. Members of the Committee, other than those designated by the Declarant, may be removed at any time without cause. The Board shall have the sole right to appoint and remove all members of the Committee other than those designated by the Declarant.

Section 2. REVIEW OF PROPOSED CONSTRUCTION.

A. No Improvements, including, by way of example and not of limitation, accessory structures, exterior lighting fixtures, brick pavers, stamped concrete, concrete flatwork, basketball goals, buildings, fences, walls, pools, roofs, gutters or rain spouts, antennae, aerials, microwaves, reception devices, mailboxes, external enclosures (including entry screen and patio screen enclosures), or landscaping (including hedges and massed plantings) shall be commenced, erected, installed, altered, modified, painted, planted, or maintained on the Property, including the Lots, nor shall any canopy, shutters, or window coverings be attached to or placed upon outside walls or roofs of any Home or building by any Owner other than Declarant, unless such Improvements have been reviewed by and received the written approval of the Committee in accordance with Paragraph B hereinbelow. Any Owner desiring to make Improvements shall submit two (2) complete sets of plans and specifications prepared by an architect, landscape architect, engineer or other person determined by the Committee to be qualified, showing the nature, dimensions, materials and location of the same.

B. The Committee shall approve proposed plans and specifications submitted for its approval only if it deems that the construction, alterations or additions contemplated will not be detrimental to the appearance of the surrounding area of the Property as a whole, and that the appearance of any structure affected thereby will be in harmony with the surrounding structures and is otherwise desirable. The Committee may also issue rules or guidelines setting forth procedures for the submission of plans and specifications. If the proposed construction, alterations or additions are to a portion of the Improvements which the Association is obligated to maintain, said approval shall also be subject to approval by the Board. The Committee may condition its approval of proposed plans and specifications in such a manner as it deems appropriate and may require the submission of additional information prior to approving or disapproving such plans. Pursuant to the approvals for the Property granted by the County, and notwithstanding anything to the contrary in the Valencia Falls Documents, diversity of architectural elevation and exterior color scheme for Homes in Valencia Falls shall be required by compliance with the following: (i) no identical Homes shall be placed next to one another (i.e., same elevation with same exterior color scheme), (ii) no more than three (3) Homes with the same elevation shall be placed next to each other; and (iii) no more than three (3) Homes with the same exterior color scheme may be placed next to each other. The Committee shall have no obligation to and shall not approve (nor grant any variances for) any plans and specifications submitted if approval of same would result in failure to comply with the foregoing requirements.

C. The Committee shall have thirty (30) days after delivery of all required materials to approve or reject any such plans and, if not approved within such thirty (30) day period, such plans shall be deemed rejected, provided that, in any event, no such addition, construction or alteration shall be made by any Owner which is detrimental to or inconsistent with the harmony, appearance or general scheme of the Property as a whole.

D. No landscaping or other Improvements on the Lake Lots which materially interfere with the view of the Lake by immediate neighbors who are also Lake Lot Owners shall be permitted. In its review of proposed plans and specifications of landscape design and materials for Lake Lots, including, but not limited to, any massed plantings, the Committee will take into consideration the effect on Lake views of such landscaping, both at the proposed time of installation and at the time when maximum growth shall have occurred. The only fence types allowed on the back and sides of a Lake Lot shall be an aluminum rail picket fence, with the rails no wider than one (1") inch and no closer together than three inches (3") on center and having a height of no greater than forty-eight inches (48"), unless otherwise required by applicable governmental laws, statutes, ordinances, rules or regulations. Notwithstanding anything to the contrary in this Declaration, such aluminum rail picket fence is the only type of fence which the Committee may approve for installation on the back or sides of a Lake Lot. (Refer to Article X, Section 17 for additional restrictions regarding fences.)

E. Notwithstanding any provision in this Article to the contrary, the approval of the Committee shall not be required for any additions, changes or alterations within any Homes if such additions, changes or alterations are not visible from the outside of such Homes. All changes and alterations shall be subject, independently, to all applicable governmental laws, statutes, ordinances, rules and regulations.

F. Notwithstanding anything to the contrary herein contained, no construction, reconstruction, addition or alteration by Declarant shall require the prior approval or any certificate of consent of the Committee.

Section 3. MEETINGS OF THE COMMITTEE. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time, by resolution unanimously adopted in writing, designate a Committee representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 8 hereinbelow. In the absence of such designation, the vote of any two (2) members of the Committee shall constitute an act of the Committee.

Section 4. NO WAIVER OF FUTURE APPROVALS. The approval of the Committee of any plans and specifications or drawings for any work performed or proposed shall not be deemed to constitute a waiver of any right to withhold approval or consent to any identical or similar proposal subsequently or additionally submitted for approval or consent, whether such submission is by that applicant or another applicant. Similarly, the denial of approval by the Committee of any plans and specifications or drawings for any work done or proposed shall not be deemed to constitute a waiver of any right to approve or consent to any identical or similar proposal subsequently or additionally submitted for approval or consent, whether such submission is by that applicant or another applicant.

Section 5. COMPENSATION OF MEMBERS. The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

Section 6. INSPECTION OF WORK. Inspection of work and correction of defects therein shall proceed as follows:

A. Upon the completion of any work for which approved plans are required under this Article, the submitting party shall give written notice of completion to the Committee.

B. Within thirty (30) days after written notice of completion, the Committee or its duly authorized representatives may inspect such Improvement. If the Committee finds such work was not done in substantial compliance with the approved plans, it shall notify the submitting party in writing of such noncompliance within such thirty (30) day period, specifying the particulars of noncompliance, and shall require the submitting party to remedy such noncompliance.

C. If upon the expiration of fifteen (15) days from the date of such notification the submitting party shall have failed to remedy such noncompliance, notification shall be given to the Board in writing of such failure. Upon such notice, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If noncompliance exists, the submitting party shall remedy or remove the same within a period of not more than thirty (30) days from the date of announcement of the Board's ruling. If the submitting party does not comply with the Board's ruling within such period, the Board, at its option, may remove the Improvement, remedy the noncompliance, or proceed in court to enjoin compliance and the submitting party shall reimburse the Association, upon demand, for all expenses incurred in connection therewith, including Interest and Legal Fees. If such expenses are not promptly repaid by the submitting party to the Association, the Board shall levy an Assessment against such submitting party for reimbursement, and said Assessment shall constitute a lien upon the applicable Lot and Home with the same force and effect as liens for Operating Expenses.

D. If, for any reason, notification is not given to the submitting party of acceptance within thirty (30) days after receipt of said written notice of completion from the submitting party, the Improvement and/or alteration shall be deemed to be in compliance with said approved plans.

Section 7. NON-LIABILITY OF COMMITTEE MEMBERS. Neither the Committee nor any member thereof, nor its duly authorized Committee representative, nor Declarant, shall be liable to the Association or to any Owner or any other person or entity for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's duties hereunder, unless due to the willful misconduct or bad faith of a member and only that member shall have any liability.

The Committee's review and approval or disapproval of plans submitted to it for any proposed Improvement shall be based solely on considerations of the overall benefit or detriment to the community as a whole. The Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes or standards, and no member or representative of the Committee or the Association, nor the Declarant, shall be liable for the safety, soundness, workmanship, materials or usefulness for any purpose of any such improvement or alteration proposed by the plans. By submitting a request for approval, Owner shall be deemed to have automatically agreed to hold harmless and indemnify the aforesaid members and representatives of the Committee, the Declarant, and the Association generally, from any loss, claim, damage or liability connected with or arising out of the proposed improvements or alterations. Furthermore, approval by the Committee of any plans and specifications does not excuse any Owner from also receiving approvals as required by all applicable governmental agencies.

Section 8. VARIANCE. Except only for variances from the diversity of architectural elevation and exterior color scheme requirements of Section 2.B. of this Article VIII above (which shall not be given by the Committee), the Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or any Supplemental Declaration, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the Improvements for which the variance was granted.

## ARTICLE IX

### MAINTENANCE AND REPAIR OBLIGATIONS

#### Section 1. BY THE ASSOCIATION.

A. The Association, at its expense, shall be responsible for the operation, maintenance, repair and replacement of all of the Improvements and facilities located upon the Association Property, including the Recreation Tracts, as otherwise provided herein (except public utilities and Community Systems, to the extent same have not been made Association Property). Should any incidental damage be caused to any Home by virtue of the Association's failure to maintain the Association Property as herein required or by virtue of any work which may be performed or caused to be performed by the Association in the maintenance, repair or replacement of any Association Property, the Association shall, at its expense, repair such incidental damage. The Association shall not, however, be responsible for any loss of use, any hardship, an Owner's time or any other consequential or punitive damages.

B. The Association shall operate, maintain, repair and replace the Irrigation System serving the Association Property and/or the Lots (or any portions thereof). The Association shall be responsible for the costs of operation, maintenance, repair and replacement of such Irrigation System, including any monthly fees and other costs of water usage. There is hereby reserved in favor of the Association, the right to enter upon the Association Property and any and all Lots for the purpose of operating, maintaining, repairing and replacing the Irrigation System over, through and upon the Association Property and all of the Lots within the Property.

The Association shall operate, maintain and repair the Drainage System constructed over, through and upon the Property. There is hereby reserved in favor of the Association the right to enter upon the Association Property and the Lots for the purpose of operating, maintaining, repairing, and replacing the Drainage System over, through and upon the Property. The Association shall be responsible for all costs associated with all cleaning, maintenance, repairs and replacement of any portion of the Drainage System necessary to maintain the system in its original condition and use.

C. The Association shall be responsible for the maintenance, repair and replacement of all private streets located upon the Association Property and there is hereby reserved in favor of the Association the right to enter upon any and all parts of the Association Property and Lots for such purpose. To the extent permitted by the appropriate governmental authority, the Association may, but shall not be obligated to, also provide maintenance of all city, County, district or municipal properties which are located within or in a reasonable proximity of the Property to the extent that their deterioration or unkempt appearance would adversely affect the appearance of the Property, including the right to enhance the landscaping in any public right of way.

D. The Association shall be responsible for the maintenance and care of the lawn encompassed within the Lot, except as otherwise provided in Article X, Section 17 hereof. "Maintenance and care" within the meaning of this subsection shall include, mowing, edging, fertilizing and spraying of lawns, and replacement of sod. Notwithstanding the obligation of the Association to maintain the landscaping within the Lots, any replacement of trees, shrubs and other plant materials within the Lots, for any reason whatsoever, shall be the obligation of the Owners of the Lots upon which such replacement is required. The Association may, at its option, discontinue replacing sod on the Lots, in which event the replacement of all sod on the Lots would become the responsibility of the Owners.

E. The Association shall be responsible for the maintenance, repair and replacement of any Privacy Fences and Hedges encompassed within the Lots, except as otherwise provided in Article X, Section 17 herein.

F. The Association shall be responsible for the maintenance, repair and replacement of any street lights and any associated facilities placed within the Property and any street lights and associated facilities placed in public rights of way by agreement between the Association and the public utility responsible therefor.

G. Unless assumed by the County, the Association, at the Association's cost and expense, shall also be responsible for the perpetual maintenance and care of the landscaping, including the irrigation system, on that portion of the median of Hagen Ranch Road adjacent to Valencia Falls. All new landscaping material installed in the median by the Association in complying with the foregoing maintenance and care obligation shall be consistent with the landscaping theme adopted for Hagen Ranch Road. Perpetual maintenance includes, but is not limited to, pruning, fertilizing, irrigation, and alternate watering of Xeriscape material during periods of drought in order to maintain healthy plant material. The maintenance responsibility of any existing trees within the median shall also be the responsibility of the Association.

H. The Association shall not alter the slopes, contours, or cross sections of the Lakes, Lake banks and littoral zones or chemically, mechanically, or manually remove, damage or destroy any plants in the littoral zones except upon the written approval from the applicable governmental authority. The Association shall be responsible for maintaining the required survivorship and coverage of the planted littoral areas, to ensure the ongoing removal of prohibited and invasive non-native plant species from these areas, and to comply with all governmental regulations applicable to the Lakes, Lake banks and littoral zones.

I. The Association, by action of its Board, may make minor and insubstantial alterations and Improvements to the Association Property having a cost not in excess of Five Thousand Dollars (\$5,000). All other alterations and Improvements must first be approved by at least two-thirds (2/3) of all Owners represented in person or by proxy at a meeting called and held in accordance with the Bylaws. No alteration or Improvement may be made to the Association Property which materially and adversely affects the rights of the Owner of any Lot to the enjoyment of his Lot or the Association Property unless the Owner and all mortgagees holding recorded mortgages on such Lot consent thereto in writing.

J. All expenses incurred by the Association in connection with the services, operation, maintenance, repair and replacement described in Paragraphs A through I, inclusive, are Operating Expenses, payable by each Owner under the provisions of this Declaration concerning Assessments. Should the maintenance, repair or replacement provided for in Paragraphs A through I of this

Section 1 be caused by the negligence of or misuse by an Owner, his family, guests, servants, invitees, or lessees, such Owner shall be responsible therefor, and the Association shall have the right to levy an Assessment against such Owner's Lot and said Assessment shall constitute a lien upon the appropriate Lot and Home with the same force and effect as liens for Operating Expenses.

K. The Association has a reasonable right of entry upon any Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of Valencia Falls.

## Section 2. BY THE OWNERS.

A. The Owner of each Lot must keep and maintain the Lot and the Improvements thereon, including equipment and appurtenances, in good order, condition and repair, and must perform promptly all maintenance and repair work within his Home which, if omitted, would adversely affect Valencia Falls, the other Owners or the Association and its Members. The Owner of each Lot shall be responsible for any damages caused by a failure to so maintain such Lot, Improvements and Home. The Owners' responsibility for maintenance, repair and replacement shall include, but not be limited to, all of the physical structure constructed in, upon or below the Lot, and physical items attached or connected to such structure that run beyond the boundary line of the Lot which exclusively service or benefit the Lot and Home. Additionally, the painting, caulking and maintenance of the exterior surface of the walls, doors, windows and roof of the physical structure of the Home shall be done by the Owner, and the exterior surface of such walls, doors, windows and roof shall at all times be maintained in a good and serviceable condition with no damage or other defect therein by the Owner. The Owner of a Lot further agrees to pay for all utilities, such as telephone, cable television, water, sewer, sanitation, electric, etc., that may be separately billed or charged to each Home. The Owner of each Lot shall be responsible for insect and pest control within the Home. Whenever the maintenance, repair and replacement of any items which an Owner is obligated to maintain, repair or replace at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the Owner shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance or otherwise, reduce the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

B. In addition to the above, Owners of all Homes shall be responsible to: fix leaks in and otherwise maintain and repair the roofs of their Homes; replace any dead or obviously dying trees on their Lots; and maintain, repair and replace any fences on their Lots, except as otherwise provided in Article IX, Section 1.E hereof. Owners of Homes shall also clean, maintain and repair the driveways located on their Lots and keep the sidewalks located on their Lots clean.

C. If a Home is damaged by fire or other casualty, its Owner shall properly and promptly restore it to at least as good a condition as it was before the casualty occurred. Any such work shall be in accordance with the original plans and specifications of the Home unless otherwise authorized by the Board and shall be otherwise subject to all provisions of Article VIII hereof.

D. Each Owner shall keep his Home insured in an amount not less than its full insurable value against loss or damage by fire or other hazards. Evidence of such coverage shall be furnished to the Association promptly upon the Board's request.

E. If an Owner fails to comply with the foregoing provisions of this Section 2, the Association may proceed in court to enjoin compliance. Further, if the failure to comply relates to the Owner's obligations to maintain insurance, the Association shall be entitled, although not obligated, to obtain the required coverage itself and to levy on the offending Owner an Assessment equal to the cost of premiums, and any such Assessment shall constitute a lien upon the applicable Lot and Home with the same force and effect as a lien for Operating Expenses.

F. If a failure to comply with the provisions of this Section 2 relates to the Owner's obligation to maintain the Home, landscaping or any other area required to be maintained by the Owner, then, in addition to the exercise of all other remedies, the Association or Declarant shall have the right but not the obligation, upon fifteen (15) days written notice, to enter the property of the Owner for the purpose of performing the maintenance referred to, set forth and described in the notice. The determination of whether an Owner is failing to properly maintain and care for the property for which he has the maintenance responsibility shall be determined in the sole discretion of the Association or Declarant. Further, the Association shall be entitled, but not obligated, to perform such maintenance and care itself and to levy on the offending Owner an Assessment equal to the cost of performing such maintenance and any such Assessment shall constitute a lien upon the applicable Lot and Home with the same force and effect as a lien for Operating Expenses.

Section 3. DAMAGE TO BUILDINGS. The Owner of any Home which has suffered damage may apply to the Committee for approval for reconstruction, rebuilding, or repair of the Improvements therein. The Committee shall grant such approval only if, upon completion of the work, the exterior appearance will be substantially similar to that which existed prior to the date of the casualty. If the obligation for repair falls upon the Association, the Committee approval will not be required prior to the commencement of such work, so long as the exterior appearance will be substantially similar to that which existed prior to the date of the casualty.

The owner or owners of any damaged building, the Association, and the Architectural Control Committee shall be obligated to proceed with all due diligence hereunder and the responsible parties shall commence reconstruction within three (3) months after the damage occurs and complete reconstruction within one (1) year after the damage occurs, unless prevented by causes beyond his or its reasonable control.

The Declarant shall be exempt from the provisions of this Section 3, provided that any such reconstruction, rebuilding or repairs made by the Declarant shall be consistent, as to the exterior appearance, with the Improvements as they existed prior to the damage or other casualty.

## ARTICLE X

### USE RESTRICTIONS

All of the Property shall be held, used, and enjoyed subject to the following limitations and restrictions, and any and all additional rules and regulations which may, from time to time, be adopted by the Association, except as provided in Article X, Section 19 below with respect to Parcels:

Section 1. ENFORCEMENT. Failure of an Owner to comply with any limitations or restrictions in this Declaration or any of the Valencia Falls Documents or with any rules and regulations promulgated by the Association shall be grounds for action which may include, without limitation, an action to recover sums due for damages, injunctive relief, or any combination thereof.

In addition to all other remedies, the Association may suspend, for a reasonable period of time, the rights of any or all of an Owner or an Owner's tenants, guests or invitees to use Association Property and facilities; may suspend the voting rights of an Owner if such Owner is delinquent in payment of assessments for more than ninety (90) days; and may levy reasonable fines against any Owner or any Owner's tenant, guest or invitee for failure of such Owner, his family, guests, invitees, lessees or employees to comply with any of the Valencia Falls Documents, provided the following procedures are adhered to:

A. Notice. The Association shall notify the Owner in writing of the noncompliance and set forth the corrective action to be taken. A fine or suspension of use rights may not be imposed without notice of at least fourteen (14) days to the Owner sought to be fined or suspended and an opportunity for a hearing before a committee of at least three (3) members appointed by the Board who are not officers, directors, or employees of the Association, or the spouse, parent, child, brother or sister of an officer, director, or employee of the Association. If the committee, by majority vote, does not approve a proposed fine or suspension, it may not be imposed.

At the Association's option, any fine may be levied on a daily basis in the event of a continuing violation without the necessity of a new hearing and without any limitation on the amount of such fine.

B. Hearing. Should the Owner still be in noncompliance, the noncompliance shall be presented to the Board after which the Board shall hear reasons why a fine should or should not be imposed. A written decision of the Board shall be submitted to the Owner, as applicable, not later than twenty-one (21) days after said meeting.

C. Payment. A fine shall be paid not later than thirty (30) days after notice of the imposition of the fine.

D. Fines. A fine shall be treated as an Assessment subject to the provisions of the collection of Assessments as otherwise set forth herein, and shall constitute a lien upon the applicable Lot and Home, with the same force and effect as a lien for Operating Expenses. All monies received from fines shall be allocated as directed by the Board, subject always to the provisions of this Declaration.

E. Failure to Pay Assessments. Notice and Hearing as provided in Subparagraphs A and B above shall not be required with respect to the imposition of suspension of use rights or fines upon any Owner because such Owner's failure to pay Assessments or other charges when due.

F. Access. Suspension of use rights to Association Property shall not impair the right of an Owner or tenant of a Lot and/or Home to have vehicular and pedestrian ingress to and egress from such Lot and/or Home, including, but not limited to, the right to park.

Section 2. OCCUPANCY OF HOME. The Fair Housing Amendments Act of 1988 (Public Law 100-430, approved September 13, 1988) ("Fair Housing Act"), which became effective in March, 1989, and as amended effective December 31, 1995, provides that communities cannot reject families with children. However, the Fair Housing Act provides that a community is exempt from this prohibition if (a) at least eighty percent (80%) of the units are occupied by at least one (1) person fifty-five (55) years of age or older per unit; and (b) the community has published and adheres to policies and procedures which demonstrate an intent by the owner or manager to provide housing

for persons fifty-five (55) years of age or older (hereinafter collectively referred to as the "Requirements for Exemption"). For so long as such provisions of the Fair Housing Act are in effect, Declarant intends that Valencia Falls will be a community which falls within this exemption to the Fair Housing Act (the "Exemption") and may therefor prohibit families with children nineteen (19) years of age or younger from residing in Valencia Falls. Therefore, for so long as such provisions of the Fair Housing Act are in effect, except as hereinafter provided, (i) at least one occupant in each Home in Valencia Falls must be at least fifty-five (55) years of age or older, except as hereinafter set forth; and (ii) the Association must publish and adhere to policies and procedures which demonstrate an intent by the Association to provide housing for persons fifty-five (55) years of age or older.

A. Board Discretion. The Requirements for Exemption contemplate that up to twenty percent (20%) of the units may be occupied by persons all of whom are under the age of fifty-five (55) without loss of the Exemption. Accordingly, the Board, upon application by an Owner, tenant, purchaser or proposed lessee, shall have absolute discretion to allow a Home to be occupied only by individuals under the age of fifty-five (55) based upon criteria that the Board shall determine, which criteria shall include, by way of example and not of limitation, information then known to the Board concerning potential or pending changes in occupancy of other Homes in Valencia Falls, if any, due to known adverse medical conditions or domestic relations and the ages of any likely remaining occupants of such Homes; other known prospective changes in occupancy of Homes for whatever reasons; proximity to age fifty-five (55) of those occupants of other Homes in Valencia Falls then under such age; and any other information known to and deemed relevant by the Board in carrying out its duty to monitor and control the percentage of the Homes becoming occupied only by persons under the age of fifty-five (55). However, for so long as the age provisions of the Fair Housing Act are in effect, the Board shall comply with the Requirements for Exemption, including, but not limited to, insuring that not more than twenty percent (20%) of the Homes in Valencia Falls are occupied only by individuals under the age of fifty-five (55).

B. Declarant Rights; Limitations. Notwithstanding the provisions of Paragraph A above, Declarant shall have the right to convey a Home owned by Declarant to a purchaser who intends that the Home be occupied only by persons under fifty-five (55) years of age provided that, for so long as the Fair Housing Act is in effect, after the conveyance not more than twenty percent (20%) of the Homes shall be occupied only by persons under fifty-five (55). Such Home shall, at the first change of occupancy thereafter, be subject to the requirement that at least one (1) occupant be fifty-five (55) years of age or older unless waived by the Board pursuant to the provisions of Paragraph A above.

C. Board Responsibility. It shall be the responsibility of the Board to monitor the percentage of Homes with occupants all of whom are under the age of fifty-five (55) to insure that the Board does not permit more than twenty percent (20%) of the Homes in Valencia Falls to be occupied only by persons under the age of fifty-five (55). The Board shall have the right to promulgate rules and regulations necessary to comply with the Requirements for Exemption so that the provisions of subparagraph E hereof limiting the number of days that children nineteen (19) years of age or younger may stay in a Home are enforceable.

D. Owner Responsibility. No Owner may lease or sell his Home unless at least one (1) of the intended occupants is fifty-five (55) years of age or older at the time of the occupancy, and such Owner shall submit an age verification form to the Association prior to the effective date of such occupancy which sets forth the ages of the intended occupants. The Board, however, shall have the right, in its sole discretion, to waive this requirement based upon criteria in accordance with the provisions set forth in Paragraph A hereof, but not if more than twenty percent (20%) of the Homes

will not have at least one (1) occupant fifty-five (55) years of age or older. In the event there is a change in the occupants of the Home (e.g., a death or a divorce) so that at least one (1) of the occupants is no longer fifty-five (55) years of age or older, the Owner must immediately notify the Association of said change in writing.

E. Children. As long as Valencia Falls falls within the Exemption, no children nineteen (19) years of age or younger shall be permitted to reside in any of the Homes, except for a period of time not to exceed a total of sixty (60) days per calendar year. In addition, children shall be allowed to play only in those areas of Valencia Falls designated from time to time by the Association.

F. Notwithstanding anything contained herein to the contrary, it is acknowledged and agreed that, although it is the intent of Declarant and the Association that Valencia Falls falls within the Exemption so that persons nineteen (19) years of age or younger will be prohibited from residing within Valencia Falls, no representation or warranty is given that Valencia Falls will comply with the Exemption, and in the event for any reason it is determined that Valencia Falls does not fall within the Exemption, and therefore it is unlawful to discriminate against families with children nineteen (19) years of age or younger, neither Declarant nor the Association shall have any liability in connection therewith.

Section 3. NUISANCES. No obnoxious or offensive activity shall be carried on or about the Lots or in or about any Improvements, Homes, or on any portion of Valencia Falls nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any Owner.

No use or practice shall be allowed in or around the Homes which is a source of annoyance to Owners or occupants of Homes or which interferes with the peaceful possession or proper use of the Homes or the surrounding areas. No loud noises or noxious odors shall be permitted in any Improvements, Homes or Lots. Without limiting the generality of any of the foregoing provisions, no horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, unlicensed off-road motor vehicles or any items which may unreasonably interfere with television or radio reception of any Owner shall be located, used or placed on any Lot, or exposed to the view of other Owners without the prior written approval of the Board. Notwithstanding anything to the contrary herein, so long as any activity which is carried on a Parcel is allowable within applicable zoning regulations, no such activity shall be deemed a nuisance hereunder.

Section 4. PARKING AND VEHICULAR RESTRICTIONS. Parking upon the Property shall be restricted to the drive and garage located upon each Lot and designated parking areas within the Association Property. No parking on the streets or swales is permitted. No Owner shall keep any vehicle on any Lot which is deemed to be a nuisance by the Board. No Owner shall conduct repairs taking more than twenty-four (24) hours (except in an emergency or except within the garage of the Home with the garage door closed) or restorations of any motor vehicle, boat, trailer, or other vehicle upon any Lot. No commercial vehicle, trailer, boat or boat trailer may be parked or stored on the Property except in the garage of a Home located upon a Lot. No bus or tractor-trailer or any other truck larger than a full-size pickup truck may be parked on the Property, except temporarily as in the case of a moving van or other such vehicle necessary to provide service to an Owner and with the exception of any vehicles necessary for any construction activity being performed by or on behalf of Declarant.

Section 5. NO IMPROPER USE. No improper, offensive, hazardous or unlawful use shall be made of any Home nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any person using any portion of the Property. All valid laws, zoning

ordinances and regulations of all governmental bodies having jurisdiction thereover shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereover relating to any Home or Lot shall be corrected by, and at the sole expense of, the Home's or Lot's owner.

Section 6. LEASES. No portion of a Home (other than an entire Home) may be rented. All leases shall provide, and if they do not so provide then the leases shall be deemed to provide, that the Association shall have the right to terminate the lease upon default by the tenant in observing any of the provisions of this Declaration, the Articles, the Bylaws, applicable rules and regulations, or of any other agreement, document or instrument governing the Lots or Homes. The owner of a leased Home shall be jointly and severally liable with his tenant for compliance with the Valencia Falls Documents and to the Association to pay any claim for injury or damage to property caused by the negligence of the tenant. Every lease shall be subordinated to any lien filed by the Association whether before or after such lease was entered into.

Section 7. ANIMALS AND PETS. Only common domesticated household pets may be kept on any Lot or in a Home, but in no event for the purpose of breeding or for any commercial purposes whatsoever. No other animals, livestock, reptiles or poultry of any kind shall be kept, raised, bred or maintained on any portion of the Property. Permitted pets shall only be kept subject to and in accordance with such rules and regulations as shall be promulgated from time to time by the Board. Under no circumstances may a pit bull be permitted on the Property. Any pet must be carried or kept on a leash when outside of a Home or fenced-in area. No pet shall be kept tied up outside of a Home or in any screened porch or patio, unless someone is present in the Home. An Owner shall immediately pick up and remove any solid animal waste deposited by his pet on the Property. An Owner is responsible for the cost of repair or replacement of any Association Property damaged by his pet.

Each Owner who determines to keep a pet thereby agrees to indemnify the Association and Declarant and hold them harmless against any loss or liability of any kind or character whatsoever arising from or growing out of his having any animal on the Property.

Section 8. ADDITIONS AND ALTERATIONS. No Home shall be enlarged by any addition thereto or to any part thereof, and no Owner shall make any improvement, addition, or alteration to the exterior of his Home, including, without limitation, the painting, staining, or varnishing of the exterior of the Home, including doors, garage doors, driveways and walkways, without the prior written approval of (i) the Committee as set forth in Article VIII of this Declaration, which approval may be withheld for purely aesthetic reasons, and (ii) all applicable governmental entities.

Section 9. 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 or with respect to any portion of the Property not owned by such Owner.

Section 10. SLOPES AND TREES. No Owner may engage in any activity which will change the slope or drainage of a Lot. No additional trees are permitted to be planted on the Property without the prior written consent of Declarant for as long as Declarant owns a Lot, and thereafter without the prior written consent of the Board.

Section 11. SIGNS. No sign, display, poster, or other advertising device of any kind may be displayed in public view of any portion of any building or other Improvement in the Property without the prior written consent of the Board. Signs, regardless of size, used by Declarant, its successors

or assigns, for advertising during the construction and sale period of Valencia Falls or other communities developed and/or marketed by Declarant or its affiliates and other signs authorized by Declarant shall be exempt from this Section. Such sign or signs as Declarant may be required to erect under the terms of an Institutional Mortgage shall be exempt from this Section.

**Section 12. TRASH AND OTHER MATERIALS.** No rubbish, trash, garbage, refuse, or other waste material shall be kept or permitted on the Lots and/or Association Property, or other portions of the Property, except in sanitary, self-locking containers located in appropriate areas, and no odor shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, offensive, detrimental or a nuisance to Owners or to any other property in the vicinity thereof or to its occupants. No clothing or other household items shall be hung, dried, or aired in such a way as to be visible from the Association Property or another Lot. No stripped vehicles, lumber or other building materials, grass, tree clippings, metals, scrap, automobile pieces or parts, refuse, or trash shall be stored or allowed to accumulate on any portion of the Property (except when accumulated during construction by Declarant, during construction approved by the Committee, or when accumulated by the Association for imminent pick-up and discard).

**Section 13. TEMPORARY STRUCTURES.** No tent, shack, shed or other temporary building or Improvement, other than separate construction and sales trailers to be used by Declarant, its agents and contractors, for the construction, service and sale of Valencia Falls or other communities, shall be placed upon any portion of the Property, either temporarily or permanently. No trailer, motor home or recreational vehicle shall be: (a) used as a residence, either temporarily or permanently, or (b) parked upon the Property.

**Section 14. OIL AND MINING OPERATIONS.** No oil drilling, oil development operations, oil refining, boring or mining operations of any kind shall be permitted upon or on any Lot nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

**Section 15. SEWAGE DISPOSAL.** No individual sewage disposal system shall be permitted on any of the Property, provided that a central sewage disposal system is being operated in accordance with the requirements of the governmental regulatory body having jurisdiction over said central system.

**Section 16. WATER SUPPLY.** No individual water supply system shall be permitted on any of the Property, provided that a central water supply system is being operated in accordance with requirements of the governmental body having jurisdiction over said central system, except that wells are permitted for the irrigation of landscaping only, provided that a stain tank is installed in conjunction with the irrigation well.

**Section 17. FENCES.** Any fence placed upon any Lot must be approved by the Committee, as provided in Article VIII hereof, prior to installation. In no event may a fence be placed (i) in the area between the front of a Home and the Street, Drive, Road or Roadway at the front of the Lot on which the Home is situated or (ii) in the area between a Home and the Home located next to it so as to preclude the Association's access to the recess area of a Home located on the zero lot line side of the Home. Any privacy fence proposed for the adjacent Lot must be located behind (to the rear of) the recess opening so that the recess area remains accessible to the Association for maintenance purposes, but remains subject to approval by the Committee as provided in Article VIII hereof, prior to installation. The Owner assumes complete responsibility to maintain the fence, including, but not

limited to, trimming any grass, ivy or other plants from the fence. In the event the Committee approves the installation of a fence, it shall also have the right to require installation of landscaping, also subject to the Committee's approval, at the time the fence is installed.

Notwithstanding that an Owner has obtained the approval of the Committee to install a fence or landscape materials, as provided hereinabove, such installation shall be at the Owner's sole risk so long as Declarant has not yet begun or is engaged in the construction of a Home on an adjacent Lot. In the event such construction activity on an adjacent Lot causes damage to or destruction of such Owner's fence or landscape materials or any part thereof, the Owner on whose Lot the fence and/or landscaping has been damaged shall be required, at the Owner's expense, to repair or replace such fence and/or landscape materials in conformance with the requirements of the Committee's approval of the initial installation of the fence and/or landscape materials and Declarant shall have no liability for any such damage or destruction. Such repair or replacement shall commence as soon as construction on the adjacent Lot has been completed and shall be pursued with due diligence. For purposes of this paragraph, the term "landscape materials" shall include landscape materials located on or adjacent to any property line of a Lot, including, by way of example and not of limitation, hedges, shrubs and trees, whether associated with a fence or not.

In addition, the installation of any fence placed upon any Lot is subject to easements which run with the land. In the event the grantee of any such easement which runs with the land (i.e., FPL), its successors and/or assigns, requires the removal of any fence upon the Lot, then the Owner of said Lot shall, at the Owner's sole cost and expense, immediately remove the fence. The Owner of a Lot in installing any fence upon the Lot shall comply with all valid laws, zoning ordinances and regulations of the city and County governmental bodies, as applicable, in addition to the Committee approval required by Article VIII hereof.

Notwithstanding anything contained to the contrary in this Declaration, an Owner of a Lot who elects to install a fence on any portion of his Lot shall be responsible for the maintenance and care of the lawn and landscaping and Hedge, if any, in the portion of the Lot which becomes enclosed by the fence construction, provided, however, the Association shall remain responsible to maintain the Privacy Fence, if any, located within any such Lot. Such Owner of a Lot shall not be entitled to a reduction in Assessments in turn for being responsible for such maintenance and care. "Maintenance and care" within the meaning of this subsection shall include, by way of example and not of limitation, mowing, edging, fertilizing and spraying of lawns, maintenance of the irrigation system, replacement of sod and the trimming, fertilizing and spraying of any Hedge. In the event the Owner fails to properly maintain his Lot and/or Home pursuant to this subparagraph, then the Association or Declarant shall have the right but not the obligation, upon fifteen (15) days written notice, to enter the property of the Owner for the purpose of performing the maintenance referred to, set forth and described in the notice. The determination of whether an Owner is failing to properly maintain and care for the property for which he has the maintenance responsibility shall be determined in the sole discretion of the Association or Declarant. Further, if failure to comply relates to the Owner's obligations to maintain and care for his property, the Association shall be entitled, but not obligated, to perform such maintenance and care itself and to levy on the offending Owner an Assessment equal to the cost of performing such maintenance and any such Assessment shall constitute a lien upon the applicable Lot and Home with the same force and effect as a lien for Operating Expenses.

**Section 18. ANTENNAE.** No antennae, microwave receiving devices or satellite receiving devices shall be permitted to be placed or erected on any Lot or other portion of the Property other than as required to be permitted by applicable law. In the event applicable law requires that the

Association permit any such device, such device shall be deemed an Improvement subject to all of the other requirements of the Declaration, applicable rules and regulations of the Association, and the Committee to the maximum extent permitted by law.

**Section 19. DECLARANT EXEMPTION.** Declarant plans to undertake the work of constructing Homes and Improvements upon the Property and may undertake the work of constructing other buildings upon adjacent land or other property being developed or marketed by Declarant or its affiliates. The completion of that work and the sale, rental and other transfer of Homes is essential to the establishment and welfare of the Property as a residential community. In order that such work may be completed and a fully occupied community established as rapidly as possible, neither the Owners, the Association, nor the Architectural Control Committee shall do anything to interfere with Declarant's activities.

In general, the restrictions and limitations set forth in this Article X shall not apply to the Declarant or to Lots owned by the Declarant. Declarant shall specifically be exempt from any restrictions which interfere in any manner whatsoever with Declarant's plans for development, construction, sale, lease, or use of the Property and to the Improvements thereon. Declarant shall be entitled to injunctive relief for any actual or threatened interference with its rights under this Article X in addition to whatever remedies at law to which it might be entitled.

## ARTICLE XI

### SALES, LEASES AND CONVEYANCES

In order to assure that Valencia Falls be a community of congenial and responsible residents and that prospective purchasers will comply with the requirements of the Declaration and thus protect the value of the Homes, the sale, lease or transfer of Homes shall be subject to the following provisions.

Upon the sale, lease or transfer of a Home within Valencia Falls, the Owner of the Home shall submit an age verification form to the Association prior to the effective date of the sale, lease or transfer of said Home. The age verification form shall be supplied by the Association and shall provide for the ages of the intended occupants and such other information as the Association may reasonably require. In accordance with Article X.2. D hereof, except as herein provided, an Owner shall not sell, lease or transfer his Home unless at least one (1) of the intended occupants of such Home is fifty-five (55) years of age or older at the time of occupancy. However, the Board shall have the right, in its sole discretion, to waive this requirement based upon criteria in accordance with the provisions set forth in Article X.2.D hereof, but not if more than twenty percent (20%) of the Homes in Valencia Falls will not have an occupant fifty-five (55) years of age or older. The Association will have thirty (30) days to approve the sale, lease or transfer of a Home and such approval shall be in writing and in recordable form, signed by any two (2) officers of the Association and shall be given to the intended occupant. If the Association does not approve the sale, lease or transfer of a Home within the thirty (30) day period, then the sale, lease or transfer of a Home shall be deemed denied.

## ARTICLE XII

### DAMAGE OR DESTRUCTION TO ASSOCIATION PROPERTY

Damage to or destruction of all or any portion of the Association Property shall, notwithstanding any provision in this Declaration to the contrary, be handled as follows:

A. If insurance proceeds are sufficient to effect total restoration of damaged or destroyed Association Property, then the Association shall cause such Association Property to be repaired and reconstructed substantially as it previously existed.

B. If insurance proceeds are insufficient to effect total restoration, and the cost of restoration exceeds such proceeds by Twenty-Five Thousand Dollars (\$25,000.00) or less, then the Association shall cause the Association Property to be repaired and reconstructed substantially as it previously existed and the difference between the insurance proceeds and the actual cost shall be levied as a Special Assessment proportionately against each of the Lots in accordance with the provisions of Articles VI and VII herein.

C. If the insurance proceeds are insufficient to effect total restoration and the cost of restoration of the Association Property exceeds said proceeds by over Twenty-Five Thousand Dollars (\$25,000.00), then by the written consent or vote of a majority of the voting interests, they shall determine whether: (a) to rebuild and restore either: (i) in substantially the same manner as the Improvements existed prior to the damage or destruction; or (ii) in a manner less expensive, and in the event of (i) or (ii) to raise the necessary rebuilding and restoration funds by levying pro rata restoration and construction Special Assessments against all Lots; or (b) to not rebuild and to retain available insurance proceeds. In the event it is decided that the damaged or destroyed Association Property shall not be rebuilt, the remains of any structure or structures shall be torn down and hauled away, so as not to be a safety hazard or visual nuisance, and the land shall be fully sodded and landscaped or otherwise treated in an attractive manner. Notwithstanding anything contained herein to the contrary, any decision not to rebuild or to rebuild in a manner which would result in a change in the Improvements shall not be effective without the prior written approval of Declarant as long as Declarant owns any portion of the Property.

D. Each Owner shall be liable to the Association for any damage to the Association Property not fully covered or collected by insurance which may be sustained by reason of the negligence or willful misconduct of said Owner or of his family, lessees, invitees and guests, both minors and adults.

E. In the event that the repairs and replacements were paid for by any Special Assessments as well as insurance proceeds and regular Assessments, then, if after the completion of and payment for the repair, replacement, construction or reconstruction there shall remain any excess in the hands of the Association, it shall be presumed that the monies disbursed in payment of any repair, replacement, construction and reconstruction were first disbursed from insurance proceeds and regular Assessments and any remaining funds shall be deemed to be the remaining Special Assessments which shall be returned to the Owners by means of a *pro rata* distribution in accordance with the collection of such Special Assessments.

### ARTICLE XIII

#### INSURANCE AND CONDEMNATION

The Association shall purchase and maintain the following insurance coverages subject to the following provisions, and the cost of the premiums therefor shall be a part of the Operating Expenses:

Section 1. CASUALTY INSURANCE. Property and casualty insurance in an amount equal to the then full replacement cost, exclusive of land, foundation, excavation and other items normally excluded from such coverage, of all Improvements and personal property which are owned by the Association and now or hereafter located upon the Association Property, which insurance shall afford protection against such risks, if any, as shall customarily be covered with respect to areas similar to the Association Property in developments similar to Valencia Falls in construction, location and use.

Section 2. PUBLIC LIABILITY INSURANCE. A comprehensive policy of public liability insurance naming the Association and, until Declarant no longer owns any Lot with the Property, Declarant as named insureds thereof insuring against any and all claims or demands made by any person or persons whomsoever for personal injuries or property damage received in connection with, or arising from, the operation, maintenance and use of the Association Property and any Improvements located thereon, and for any other risks insured against by such policies with limits of not less than One Million Dollars (\$1,000,000.00) for damages incurred or claimed by any one person for any one occurrence; not less than Three Million Dollars (\$3,000,000.00) for damages incurred or claimed by more than one person for any one occurrence; and for not less than Fifty Thousand Dollars (\$50,000.00) property damage per occurrence with no separate limits stated for the number of claims. The Association may also obtain worker's compensation insurance and other liability insurance including, but not limited to, insurance for lawsuits related to employment contracts in which the Association is a party, as it may deem desirable.

Section 3. FIDELITY COVERAGE. Adequate fidelity coverage to protect against dishonest acts of the officers and employees of the Association and the Board and all others who handle and are responsible for handling funds of the Association shall be maintained in the form of fidelity bonds, which requirements shall be reasonably determined by the Board.

Section 4. DIRECTORS' COVERAGE. Adequate directors' and officers' liability coverage, which coverage shall be effective from and after the date the Association is created.

Section 5. OTHER INSURANCE. The Board may obtain such other forms of insurance as the Board may determine and in such coverage amounts as the Board shall determine to be required or beneficial for the protection or preservation of the Association Property and any improvements now or hereafter located thereon or in the best interests of the Association and/or its officers and directors.

Section 6. CANCELLATION OR MODIFICATION. All insurance policies purchased by the Association shall provide that they may not be canceled (including for nonpayment of premiums) or substantially modified without at least ten (10) days prior written notice to the Association and to each first mortgage holder, if any, named in the mortgage clause.

Section 7. FLOOD INSURANCE. If determined appropriate by the Board or if required by an Institutional Mortgagee, a master or blanket policy of flood insurance covering the Association Property, if available under the National Flood Insurance Program, shall be purchased, which flood insurance shall be in the form of a standard policy issued by a member of the National Flood Insurers Association, and the amount of the coverage of such insurance shall be the lesser of the maximum amount of flood insurance available under such program, or one hundred percent (100%) of the current replacement cost of all buildings and other insurable property located in the flood hazard area.

Section 8. CONDEMNATION. In the event the Association receives any award or payment arising from the taking of any Association Property or any part thereof as a result of the exercise of the right of condemnation or eminent domain, the net proceeds thereof shall first be applied to the restoration of such taken areas and improvements thereon to the extent deemed advisable by the Board and approved by at least two-thirds (2/3) of the total voting interests, and the remaining balance thereof, if any, shall then be distributed pro rata to Owners and mortgagees of Lots as their respective interests may appear.

Section 9. WAIVER OF SUBROGATION. As to each policy of insurance maintained by the Association which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Owners, the Declarant and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement of said persons, but only to the extent that such insurance proceeds are received in compensation for such loss.

#### ARTICLE XIV

##### GENERAL PROVISIONS

Section 1. CONFLICT WITH OTHER VALENCIA FALLS DOCUMENTS. In the event of any conflict between the provisions hereof and the provisions of the Articles and/or Bylaws and/or rules and regulations promulgated by the Association, the provisions of this Declaration shall control.

Section 2. NOTICES. Any notice or other communication required or permitted to be given or delivered hereunder shall be deemed properly given and delivered upon the mailing thereof by United States mail, postage prepaid, to: (i) each Owner, at the address of the person whose name appears as the Owner on the records of the Association at the time of such mailing and, in the absence of any specific address, at the address of the Home owned by such Owner; (ii) the Association, certified mail, return receipt requested, at 1401 University Drive, Suite 200, Coral Springs, Florida 33071, or such other address as the Association shall hereinafter notify Declarant and the Owners of in writing; and (iii) Declarant, certified mail, return receipt requested, at 1401 University Drive, Suite 200, Coral Springs, Florida 33071, or such other address or addresses as Declarant shall hereafter notify the Association of in writing, any such notice to the Association of a change in Declarant's address being deemed notice to the Owners.

Section 3. ENFORCEMENT. The covenants and restrictions herein contained may be enforced by Declarant (so long as Declarant holds an equitable or legal interest in any Lot and/or Home), the Association, any Owner and any Institutional Mortgagee holding a mortgage on any portion of the Property in any judicial proceeding seeking any remedy recognizable at law or in equity, including damages, injunction or any other form of relief against any person, firm or entity violating or attempting to violate any covenant, restriction or provision hereunder. The failure by any party to enforce any such covenant, restriction or provision herein contained shall in no event be deemed a waiver of such covenant, restriction or provision or of the right of such party to thereafter enforce such covenant, restriction or provision. The prevailing party in any such litigation shall be entitled to all costs thereof including, but not limited to, Legal Fees.

Section 4. INTERPRETATION. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance of recreational facilities and Association Property. Article, Section and

Paragraph captions, headings and titles inserted throughout this Declaration are intended as a matter of convenience only and in no way shall such captions, headings or titles define, limit or in any way affect the subject matter or any of the terms and provisions thereunder or the terms and provisions of this Declaration.

Whenever the context so requires or permits, 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.

Section 5. SEVERABILITY. In the event any 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, and any provisions of this Declaration deemed invalid by a court of competent jurisdiction by virtue of the term or scope thereof shall be deemed limited to the maximum term and scope permitted by law.

In the event that any court should hereafter determine that any provision of this Declaration is in violation of the rule of property known as the "rule against perpetuities" or any other rule of law because of the duration of a time period, such provision shall not thereby become invalid, but instead the duration of such time period shall be reduced to the maximum period allowed under such rule of law, and in the event the determination of the duration of such time period requires measuring lives, such measuring life shall be that of the incorporator of the Association.

Section 6. CERTAIN RIGHTS OF DECLARANT. Notwithstanding anything to the contrary herein contained, no Improvements constructed or installed by Declarant shall be subject to the approval of the Association or the Owners or the provisions and requirements of this Declaration, although it is the intent of Declarant to create a community with a common scheme of development.

Notwithstanding the other provisions of this Declaration, Declarant reserves for itself, and Declarant and its nominees shall have, the right to enter into and transact on the Property any business necessary to consummate the sale, lease or encumbrance of Homes or real property within or outside Valencia Falls, including, but not limited to, the right to maintain models and a sales and/or leasing office, a construction office and/or a service office, place signs, employ sales, leasing, construction and service personnel, use the Association Property and show Homes, and Declarant further reserves the right to make repairs to the Association Property and to carry on construction activity for the benefit of the Property. Declarant, and its nominees, may exercise the foregoing rights without notifying the Association. Any such models, sales and/or leasing office, construction office, service office, signs and any other items pertaining to such sales, leasing, construction or service efforts shall not be considered a part of the Association Property and shall remain the property of Declarant. This Section 6 may not be suspended, superseded or modified in any manner by any amendment to this Declaration unless such amendment is consented to in writing by Declarant. This right of use and transaction of business as set forth herein and the other rights reserved by Declarant in the Valencia Falls Documents may be assigned in writing by Declarant in whole or in part. For the purposes of this Section 6, the term "Declarant" shall include any "Lender" which has loaned money to Declarant to acquire or construct Improvements upon the Property, or its successors and assigns if such Lender, its successors or assigns, acquires title to any portion of the Property as a result of the foreclosure of any mortgage encumbering any portion of the Property securing any such loan to Declarant, or acquires title thereto by deed in lieu of foreclosure. The rights and privileges of Declarant as set forth in this Section 6, which are in addition to, and are no way a limit on, any other rights or privileges of Declarant under any of the Valencia Falls Documents, shall terminate upon Declarant no longer owning any portion of the Property (and having any equitable or legal interest therein) or

upon such earlier date as Declarant shall notify the Association in writing of Declarant's voluntary election to relinquish the aforesaid rights and privileges.

Declarant shall also have the right, but not the obligation, to conduct inspections and tests from time to time of all or any portion of the Association Property in order to ascertain the physical condition of the Improvements and to determine if maintenance, repair or replacement of any such Improvement is indicated. If Declarant conducts any such tests or inspections, it shall pay all costs thereof, restore the affected portion of the Property to its condition immediately prior to the inspections and tests, and shall indemnify the Association and Owner(s) of any affected Home(s) and/or Lot(s) from any damages resulting therefrom. Declarant shall have such rights of entry on, over, under, across and through the Property as may be reasonably necessary to exercise the rights described in this Section 6. Declarant's right of inspection shall exist whether or not the Turnover Date has occurred. In the event Declarant exercises its inspection right, it is acknowledged by the Association and all Owners that Declarant is performing any such inspection for its own benefit and not for the benefit of the Association and/or the Owners and further, Declarant shall have no obligation to inform the Association and/or the Owners of the result of any such inspection.

ALL OWNERS, OCCUPANTS AND USERS OF VALENCIA FALLS ARE HEREBY PLACED ON NOTICE THAT DECLARANT AND/OR ITS AGENTS, CONTRACTORS, SUBCONTRACTORS, LICENSEES AND OTHER DESIGNEES MAY BE, FROM TIME TO TIME, CONDUCTING EXCAVATION, CONSTRUCTION AND OTHER ACTIVITIES WITHIN OR IN PROXIMITY TO VALENCIA FALLS. BY THE ACCEPTANCE OF THEIR DEED OR OTHER CONVEYANCE OR MORTGAGE, LEASEHOLD, LICENSE OR OTHER INTEREST, AND BY USING ANY PORTION OF VALENCIA FALLS, EACH SUCH OWNER, OCCUPANT AND USER AUTOMATICALLY ACKNOWLEDGES, STIPULATES AND AGREES (i) THAT NONE OF THE AFORESAID ACTIVITIES SHALL BE DEEMED NUISANCES OR NOXIOUS OR OFFENSIVE ACTIVITIES, HEREUNDER OR AT LAW GENERALLY, (ii) NOT TO ENTER UPON, OR ALLOW THEIR CHILDREN OR OTHER PERSONS UNDER THEIR CONTROL OR DIRECTION TO ENTER UPON (REGARDLESS OF WHETHER SUCH ENTRY IS A TRESPASS OR OTHERWISE) ANY PROPERTY WITHIN OR IN PROXIMITY TO VALENCIA FALLS WHERE SUCH ACTIVITY IS BEING CONDUCTED (EVEN IF NOT BEING ACTIVELY CONDUCTED AT THE TIME OF ENTRY, SUCH AS AT NIGHT OR OTHERWISE DURING NON-WORKING HOURS), (iii) DECLARANT AND THE OTHER AFORESAID RELATED PARTIES SHALL NOT BE LIABLE FOR ANY AND ALL LOSSES, DAMAGES (COMPENSATORY, CONSEQUENTIAL, PUNITIVE OR OTHERWISE), INJURIES OR DEATHS ARISING FROM OR RELATING TO THE AFORESAID ACTIVITIES, (iv) ANY PURCHASE OR USE OF ANY PORTION OF THE NEIGHBORHOOD HAS BEEN AND WILL BE MADE WITH FULL KNOWLEDGE OF THE FOREGOING AND (v) THIS ACKNOWLEDGMENT AND AGREEMENT IS A MATERIAL INDUCEMENT TO DECLARANT TO SELL, CONVEY, LEASE AND/OR ALLOW THE USE OF THE APPLICABLE PORTION OF VALENCIA FALLS.

Section 7. DISPUTES AS TO USE. In the event there is any dispute as to whether the use of the Property or any portion or portions thereof complies with the covenants, restrictions, easements or other provisions contained in this Declaration, such dispute shall be referred to the Board, and a determination rendered by the Board with respect to such dispute shall be final and binding on all parties concerned therewith. Notwithstanding anything to the contrary herein contained, any use by Declarant of the Property shall be deemed a use which complies with this Declaration and shall not be subject to a contrary determination by the Board.

Section 8. AMENDMENT AND MODIFICATION. The process of amending or modifying this Declaration shall be as follows:

1. Until the Turnover Date, all amendments or modifications shall only be made by Declarant without the requirement of the Association's consent or the consent of the Owners so long as such amendments or modifications do not materially impair the common plan of development of Valencia Falls; provided, however, that the Association shall, forthwith upon request of Declarant, join in any such amendments or modifications and execute such instruments to evidence such joinder and consent as Declarant shall, from time to time, request.

2. After the Turnover Date, this Declaration may be amended by: (i) the consent of the Owners owning two-thirds (2/3) of all Lots; together with (ii) the approval or ratification of a majority of the Board. The aforementioned consent of the Owners owning two-thirds (2/3) of the Lots may be evidenced by a writing signed by the required number of Owners or by the affirmative vote of the required number of Owners at any regular or special meeting of the Association called and held in accordance with the Bylaws and evidenced by a certificate of the Secretary or an Assistant Secretary of the Association.

3. Amendments for correction of scrivener's errors or other nonmaterial changes may be made by Declarant alone until the Turnover Date and by the Board thereafter and without the need of consent of the Owners.

4. Notwithstanding anything to the contrary herein contained, no amendment to this Declaration shall be effective which shall impair or prejudice the rights or priorities of Declarant, the Association or of any Institutional Mortgagee under the Valencia Falls Documents without the specific written approval of such party affected thereby. Finally, notwithstanding anything to the contrary contained herein, no amendment to this Declaration shall be effective which shall eliminate or modify the provisions of Section 6 of this Article XIV and any such amendment shall be deemed to impair and prejudice the rights of Declarant.

5. A true copy of any Amendment to this Declaration shall be sent certified mail by the Association to Declarant and to all Institutional Mortgagees holding a mortgage on any portion of the Property requesting notice. The amendment shall become effective upon the recording amongst the Public Records of the County of said amendment or any Supplemental Declaration to this Declaration which sets forth any amendment or modification to this Declaration.

6. Notwithstanding anything contained herein to the contrary, Declarant may, without the consent of any Owners, file any amendments which may be required by an Institutional Mortgagee for the purpose of satisfying its development criteria or such other criteria as may be established by such mortgagee's secondary mortgage market purchasers, including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; provided, however, any such Declarant's filed amendments must be in accordance with any applicable rules, regulations and other requirements promulgated by the United States Department of Housing and Urban Development.

7. Any proposed amendment to the Declaration which would affect the surface water management system (including environmental conservation areas and the water management portions of the Association Property), shall be submitted to the South Florida Water Management District for a determination of whether the proposed amendment necessitates a modification of the surface water management permit.

Section 9. DELEGATION. The Association, pursuant to a resolution duly adopted by the Board, shall have the continuing authority to delegate all or any portion of its responsibilities for maintenance, operation and administration, as provided herein, to any managing agency or entity selected by the Board from time to time and whether or not related to Declarant.

Section 10. TERM. This Declaration and the terms, provisions, conditions, covenants, restrictions, reservations, regulations, burdens and liens contained herein shall run with and bind the Property, and inure to the benefit of Declarant, the Association and the Owners and their respective legal representatives, heirs, successors and assigns for a term of fifty (50) years from the date of recording this Declaration amongst the Public Records of the County, after which time this Declaration shall be automatically renewed and extended for successive periods of ten (10) years each unless at least one (1) year prior to the termination of such fifty (50)-year term or any such ten (10)-year extension there is recorded amongst the Public Records of the County an instrument agreeing to terminate this Declaration signed by Owners owning two-thirds (2/3) of the Lots and Institutional Mortgagees holding first mortgages encumbering two-thirds (2/3) of all Lots encumbered by first mortgages held by Institutional Mortgagees, upon which event this Declaration shall be terminated upon the expiration of the fifty (50)-year term or the ten (10)-year extension during which such instrument was recorded.

In the event this Declaration is terminated or the Association ceases to exist for any reason, the Owners shall be jointly and severally responsible for the costs to maintain and shall maintain the Association Property in the manner described herein. This provision may not be amended or deleted without the prior written consent of the County and this provision shall survive the termination of this Declaration and shall run with the Property in perpetuity.

Section 11. RIGHTS OF MORTGAGEES.

A. Right to Notice. The Association shall make available for inspection upon request, during normal business hours or under reasonable circumstances, the Valencia Falls Documents and the books, records and financial statements of the Association to Owners and the holders, insurers or guarantors of any first mortgages encumbering any portion of the Property. In addition, evidence of insurance shall be issued to each Owner and mortgagee holding a mortgage encumbering a Home upon written request to the Association.

B. Rights of Listed Mortgagee. Upon written request to the Association, identifying the name and address of the holder, insurer, or guarantor (such holder, insurer or guarantor is herein referred to as a "Listed Mortgagee") of a mortgage encumbering a Lot and the legal description of such Lot, the Association shall provide such Listed Mortgagee with timely written notice of the following:

(1) Any condemnation, loss or casualty loss which affects any material portion of the Association Property;

(2) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(3) Any proposed action which would require the consent of mortgagees holding a mortgage encumbering a Lot; and

(4) Any failure by an Owner owning a Lot encumbered by a mortgage held, insured or guaranteed by such Listed Mortgagee to perform his obligations under the Valencia Falls Documents, including, but not limited to, any delinquency in the payment of Assessments, or any other charge owed to the Association by said Owner where such failure or delinquency has continued for a period of sixty (60) days.

C. Right of Listed Mortgagee to Receive Financial Statement. Any Listed Mortgagee shall, upon written request made to the Association, be entitled to financial statements of the Association for the prior fiscal year free of charge and the same shall be furnished within a reasonable time following such request.

Section 12. APPROVAL OF ASSOCIATION LAWSUITS BY OWNERS. Notwithstanding anything contained herein to the contrary, in order to prevent the Board from incurring expenses not contemplated by the Valencia Falls Documents, the Association shall be required to obtain the approval of three-fourths (3/4) of the total voting interests (at a duly called meeting of the Owners at which a quorum is present) prior to engaging persons or entities for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

- (a) the collection of Assessments;
- (b) the collection of other charges which Owners are obligated to pay pursuant to the Valencia Falls Documents;
- (c) the enforcement of the use and occupancy restrictions contained in the Valencia Falls Documents;
- (d) dealing with an emergency when waiting to obtain the approval of the Owners creates a substantial risk of irreparable injury to the Association Property or to Owner(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of three-fourths [3/4] of the Owners); or
- (e) filing a compulsory counterclaim.

Section 13. COMPLIANCE WITH PROVISIONS. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot except as elsewhere herein provided does consent and agree to, and shall be conclusively deemed to have consented and agreed to, every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in such property. Declarant shall not in any way or manner be held liable or responsible for any violation of this Declaration by any person other than Declarant.

Section 14. SECURITY. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be. Additionally, NEITHER DECLARANT NOR THE ASSOCIATION MAKES ANY REPRESENTATIONS WHATSOEVER AS TO THE SECURITY OF THE PREMISES OR THE EFFECTIVENESS OF ANY MONITORING SYSTEM OR SECURITY SERVICE WHETHER SAME ARE PROVIDED THROUGH THE COMMUNITY SYSTEMS OR OTHERWISE. ALL OWNERS AGREE TO HOLD DECLARANT AND THE ASSOCIATION HARMLESS FROM ANY LOSS OR CLAIM ARISING FROM THE OCCURRENCE OF ANY CRIME OR OTHER

ACT. NEITHER THE ASSOCIATION, DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY OR SAFETY WITHIN THE PROPERTY, AND NEITHER THE ASSOCIATION, DECLARANT NOR ANY SUCCESSOR DECLARANT GUARANTEE OR WARRANT, EXPRESSLY OR IMPLIEDLY, THE MERCHANTABILITY OR FITNESS FOR USE OF ANY SUCH MONITORING SYSTEM OR SECURITY SERVICE, OR THAT ANY SYSTEM OR SERVICES WILL PREVENT INTRUSIONS, FIRES, DAMAGE, INJURY, DEATH OR OTHER OCCURRENCES, OR THE CONSEQUENCES OF SUCH OCCURRENCES, REGARDLESS OF WHETHER OR NOT THE SYSTEM OR SERVICES ARE DESIGNED TO MONITOR SAME. NEITHER THE ASSOCIATION, DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY. ALL MEMBERS, OWNERS AND OCCUPANTS OF ANY LOT OR HOME, AND TENANTS, GUESTS, AND INVITEES OF ANY OWNER ACKNOWLEDGE THAT THE ASSOCIATION AND ITS BOARD, DECLARANT, AND ANY SUCCESSOR DECLARANT DO NOT REPRESENT OR WARRANT THAT: (a) ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM, IF ANY, DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY DECLARANT OR THE COMMITTEE MAY NOT BE COMPROMISED OR CIRCUMVENTED, OR (b) THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH MEMBER, OWNER AND OCCUPANT OF ANY LOT OR HOME, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, ITS BOARD AND THE COMMITTEE, DECLARANT, AND ANY SUCCESSOR DECLARANT ARE NOT INSURERS OR GUARANTORS AND THAT EACH MEMBER, OWNER AND OCCUPANT OF ANY LOT OR HOME, AND EACH TENANT, GUEST AND INVITEE OF ANY MEMBER OR OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS OR HOMES, AND TO THE CONTENTS OF LOTS OR HOMES AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS BOARD AND THE COMMITTEE, DECLARANT, AND ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS, WARRANTIES AND/OR GUARANTIES, NOR HAS ANY OWNER, MEMBER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED, IF ANY, OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

Section 15. COVENANT RUNNING WITH THE LAND. All provisions of this Declaration shall, to the extent applicable and unless otherwise expressly provided herein to the contrary, be construed to be covenants running with the Lots and Homes and the Property and with every part thereof and interest therein, and all of the provisions hereof shall be binding upon and inure to the benefit of the Declarant and subsequent Owner(s) of the Homes, Lots and Property or any part thereof, or interest therein, and their respective heirs, successors, and assigns. However, the same are not intended to create nor shall they be construed as creating any rights in or for the benefit of the general public, unless specifically provided herein to the contrary. All present and future Owners, lessees, and occupants of the Lots and Homes, as applicable, shall be subject to and shall comply with the provisions of this Declaration and the Articles, Bylaws and applicable rules and regulations as they exist and may from time to time be amended. The acceptance of a deed of

conveyance of a Lot, or the entering into a lease of or occupancy of a Home, shall constitute an adoption and ratification by such Owner, lessee, or occupant of the provisions of this Declaration, and the Articles, Bylaws, and applicable rules and regulations of the Association, as they may be amended from time to time. In the event that any easements granted herein shall fail for want of a grantee in being or for any other purpose, the same shall constitute and be covenants running with the land.

Section 16. NO PUBLIC RIGHT OR DEDICATION. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any portion of the Association Property to the public, or for any public use.

Section 17. NO REPRESENTATIONS OR WARRANTIES. NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, HAVE BEEN GIVEN OR MADE BY DECLARANT OR ITS AGENTS OR EMPLOYEES IN CONNECTION WITH ANY PORTION OF THE ASSOCIATION PROPERTY, ITS PHYSICAL CONDITION, ZONING, COMPLIANCE WITH APPLICABLE LAWS, FITNESS FOR INTENDED USE, OR IN CONNECTION WITH THE SUBDIVISION, SALE, OPERATION, MAINTENANCE, COST OF MAINTENANCE, TAXES OR REGULATION THEREOF, EXCEPT AS SPECIFICALLY AND EXPRESSLY SET FORTH IN THIS DECLARATION.

Section 18. RECLAIMED WATER. Each Owner, by acceptance of a deed of conveyance to a Lot or the entering into a lease of or occupancy of a Home, acknowledges that Declarant has entered into an agreement, and may hereafter enter into an additional agreement(s), with Palm Beach County to construct reclaimed water facilities (collectively, "Reclaimed Water Development Agreement"). Palm Beach County, or its successors, has the sole and exclusive right to provide all reclaimed water facilities and services to the Property and to any property to which reclaimed water service is actually rendered by Palm Beach County. All occupants of any Home or non-residential improvement erected or located on the Property, and all subsequent or future owners or purchasers of the Property, or any portion thereof, shall exclusively receive their reclaimed water service, if any, from Palm Beach County, and shall pay for same and shall abide by the terms and intent of the Reclaimed Water Development Agreement and the Uniform Policies and Procedures Manual of the Palm Beach County Water Utilities Department ("UPAP") for so long as Palm Beach County provides such services to the Property. Further, all Owners of Homes or non-residential Improvement erected or located on the Property, and all subsequent or future owners or purchasers of the Property, or any portion thereof, agree by occupying any premises on the Property or by recording any deed of conveyance with respect to the Property, that they will not construct or otherwise make available or use reclaimed water service from any source other than that provided by Palm Beach County. The above shall constitute and be a covenant running with the land.

Section 19. INTENTIONALLY DELETED.

Section 20. CERTAIN RESERVED RIGHTS OF DECLARANT WITH RESPECT TO COMMUNITY SYSTEMS. Without limiting the generality of any other applicable provisions of this Declaration, and without such provisions limiting the generality hereof, Declarant hereby reserves and retains to itself:

- (a) the title to any Community Systems and a perpetual exclusive easement over, under and across the Property for the placement and location thereof;

(b) the right to connect, from time to time, the Community Systems to such receiving or intermediary transmission source(s) as Declarant may in its sole discretion deem appropriate, in location(s) on the Property as Declarant may determine in its sole discretion, including, without limitation, companies licensed to provide CATV or satellite service(s) in the County, for which service(s) Declarant shall have the right to charge any users a fee (which shall not exceed any maximum allowable charge provided for in the applicable ordinances of the County);

(c) the right to air conditioned space within the Association Property as Declarant may determine in its sole discretion to install, operate, maintain, repair and replace the equipment serving, providing or running the Community Systems, which location may include, without limitation, room(s) within any clubhouse or other improvements constructed on the Association Property; and

(d) the exclusive right to offer and provide from time to time to the Association, the Lots and the Lot Owners, any and all Bundled Services through the Community Systems.

Neither the Association nor any officer, director, employee, committee member or agent (including any management company) thereof shall be liable for any damage to property, personal injury or death arising from or connected with any act or omission of any of the foregoing during the course of performing any duty or exercising any right privilege (including, without limitation, performing maintenance work which is the duty of the Association or exercising any remedial maintenance or alteration rights under this Declaration) required or authorized to be done by the Association, or any of the other aforesaid parties, under this Declaration or otherwise as required or permitted by law.

**Section 21. ASSOCIATION AND DECLARANT AS ATTORNEY-IN-FACT.** Each Owner, by reason of having acquired ownership of a Lot, whether by purchase, gift, operation of law or otherwise, and each occupant of a Home, by reason of his or her occupancy, is hereby declared to have acknowledged and agreed to his or her automatic consent to any rezoning, replatting, covenant in lieu of unity of title, change, addition or deletion made in, on or to Valencia Falls by Declarant (hereinafter, collectively, "Modifications") and, in respect thereto, each Owner of a Lot and occupant of a Home hereby designates the Association to act as agent and attorney-in-fact on behalf of such Owner or occupant to consent to any such Modification. If requested by Declarant, each Owner shall evidence his consent to a Modification in writing (provided, however, that any refusal to give such written consent shall not obviate the automatic effect of this provision). Further, each Owner, by reason of acceptance to such Owner's Lot, hereby agrees to execute, at the request of Declarant, any document and/or consent which may be required by any government agency to allow Declarant and/or its affiliates to complete the plan of development of Valencia Falls, as such plan may be hereafter amended, and each such Owner hereby further appoints Declarant as such Owner's agent and attorney-in-fact to execute, on behalf and in the name of each such Owner, any and all of such documents and/or consents. This power of attorney is irrevocable and is coupled with an interest. The provisions of this Section 21 may not be amended without Declarant's prior written consent.

**Section 22. DECLARANT'S RESERVATION OF RIGHTS.** Notwithstanding anything herein to the contrary, Declarant reserves the right to change the zoning of any portion of the Property now existing or hereafter changed to be other than single-family residential (e.g., multi-family residential or commercial) and/or to make such uses of all or any part of the Property as shall be permitted by

applicable zoning regulations as they may exist from time to time. Declarant, however, is not obligated by this Declaration to cause any portion of the Property to be rezoned or developed for any such uses. In the event Declarant changes the zoning of the Property, Declarant hereby reserves the right to amend this Declaration or to create one or more sub-Declarations subjecting such property(ies) to additional or different specified or prohibited uses.

Additionally, in the event Declarant changes the zoning of the Property or any portion thereof to a use other than single-family residential and amends this Declaration or creates a sub-Declaration, in order to insure representation on the Board for various groups having dissimilar interests, Declarant reserves the right to establish voting groups for election of Directors to the Board. In such event, each voting group shall be entitled to elect one (1) or more Director(s) to the Board. Each voting group may have different voting rights as determined by Declarant.

In the event Declarant establishes other uses of the Property as aforesaid, Declarant reserves the right to change the method pursuant to which Assessments are shared among the Lots and other portions of the Property. The expenses may be divided among each type of property use (e.g., single-family residential, multi-family residential and commercial) based upon, but not necessarily proportional to, the percentage of each type of property use, the level of services received by each type of property use and other relevant factors as determined by Declarant. Additionally, expenses which specifically relate to a specific property use will only be assessed against that type of property. The percentages for each type of property will be based upon the total acreage of the Property.

The portion of the anticipated Operating Expenses which are assessed against the single-family residential property shall be based on percentages set forth by the Declarant and shall be divided equally among the contributing Lots or units by dividing such portion of the Operating Expenses which are being assessed to the single-family residential property by the total number of contributing Lots or units.

The portion of the anticipated Operating Expenses which are assessed against the multi-family residential property shall be based on percentages set forth by the Declarant and shall be divided equally among the contributing multi-family units by dividing such portion of the Operating Expenses which are being assessed to the multi-family residential property by the total number of contributing units.

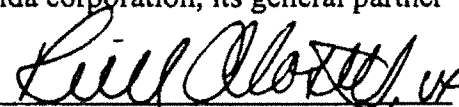
The portion of the anticipated Operating Expenses which are assessed against the commercial property shall be based on percentages set forth by the Declarant and shall be divided among the owners of the commercial property based upon a fractional formula, the numerator of which is the total square feet of buildings and paved areas of each commercial parcel and the denominator of which is the total square feet of all buildings and paved areas.

IN WITNESS WHEREOF, this Declaration has been signed by Declarant and joined in by the Association on the respective dates set forth below.

**DECLARANT:**

G.L. HOMES OF BOYNTON BEACH  
ASSOCIATES V, LTD., a Florida limited  
partnership

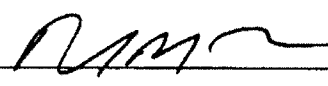
By: G.L. HOMES OF BOYNTON  
BEACH V CORPORATION, a  
Florida corporation, its general partner

By:   
Name: Richard A. Costello  
Title: Vice President

[CORPORATE SEAL]

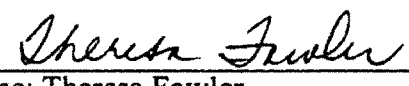
**WITNESSES AS TO DECLARANT:**

  
Signature  
Print Name Steven M. Helfner

  
Signature  
Print Name Richard M. Norwalk

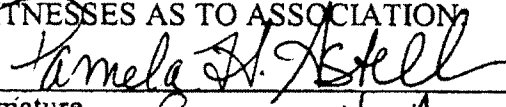
**ASSOCIATION:**

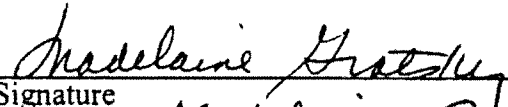
VALENCIA FALLS HOMEOWNERS  
ASSOCIATION, INC, a Florida corporation  
not for profit

By:   
Name: Theresa Fowler  
Title: President

[CORPORATE SEAL]

**WITNESSES AS TO ASSOCIATION:**

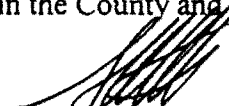
  
Signature  
Print Name PAMELA H. ASTELL

  
Signature  
Print Name Madelaine GROTSKY

STATE OF FLORIDA )  
COUNTY OF BROWARD ) SS

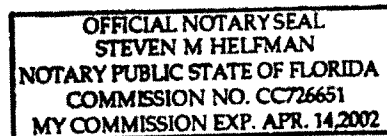
I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged before me by Richard A. Costello of G.L. Homes of Boynton Beach V Corporation, a Florida corporation, the general partner of G.L. HOMES OF BOYNTON BEACH ASSOCIATES V, LTD., a Florida limited partnership, freely and voluntarily under authority duly vested in him by said corporation. He is personally known to me.

WITNESS my hand and official seal in the County and State last aforesaid this 18<sup>th</sup> day of April, 2001.

  
Notary Public, State of Florida at Large

My Commission Expires:

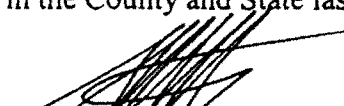
Steven M. Helfman  
Typed, Printed or Stamped Name of Notary Public



STATE OF FLORIDA )  
COUNTY OF PALM BEACH ) SS

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged before me by Theresa Fowler, the President of VALENCIA FALLS HOMEOWNERS ASSOCIATION, INC., a Florida corporation not for profit, freely and voluntarily under authority duly vested in her by said corporation. She is personally known to me.

WITNESS my hand and official seal in the County and State last aforesaid this 23<sup>rd</sup> day of April, 2001.

  
Notary Public, State of Florida at Large

My Commission Expires:

Steven M. Helfman  
Typed, Printed or Stamped Name of Notary Public

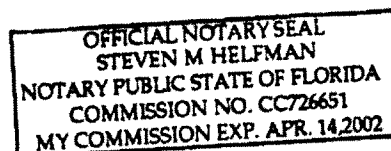


EXHIBIT ALegal Description of Property

A parcel of land situate in Section 9, Township 46 South, Range 42 East, Palm Beach County, Florida, and being a portion of PALM BEACH FARMS COMPANY PLAT NO. 1, recorded in Plat Book 2, pages 26 through 28, of the Public Records of Palm Beach County, Florida, and being more particularly described as follows:

Being all of Tracts 1 through 7, 26 through 39, 58 through 71, 90 through 96 and those portions of Tracts 8, 25, 40, 57, 72 and 89 lying East of the East right-of-way line of Hagen Ranch Road, 80.00 feet in width, as now located and constructed, per Official Records Book 706, Page 142, Official Records Book 704, Page 249, Official Records Book 696, Page 120, Official Records Book 688, Page 283 and Palm Beach County Drawing 3-56-027.

LESS AND EXCEPT the North 116.01 feet of Tract 1; the North 121.33 feet of Tract 2; the North 118.63 feet of Tract 3; the North 116.00 feet of Tracts 4, 6 and 8; and the North 115.96 feet of Tracts 5 and 7, for right-of-way of The Lake Worth Drainage District L-30 Canal.

ALSO LESS AND EXCEPT a portion of said Tract 57 more particularly described as follows:

Commence at the intersection of the East right-of-way line of Hagen Ranch Road as recorded in Official Record Book 688, Page 283 and the South line of Tract 89 according to said Palm Beach Farms Company Plat No. 1; thence North 00°48'28" West, along the East right-of-way line of Hagen Ranch Road as recorded in Official Record Book 706, Page 142, Official Record Book 704, Page 249, and Official Record Book 706, Page 142 of the Public Records of Palm Beach County, Florida, a distance of 1,377.67 feet; thence North 00°54'39" East, continuing along said right-of-way line for the next two courses, a distance of 51.32 feet to the Point of Beginning of the herein described parcel; thence North 00°54'39" East, a distance of 330.00 feet; thence South 89°05'21" East, a distance of 12.00 feet; thence South 00°54'39" West, along a line 12 feet East of (at right angles) and parallel with said right-of-way, a distance of 280.00 feet; thence South 14°24'23" West, a distance of 51.42 feet to the Point of Beginning.

(Said portion of Tract 57 also known as Tract B of VALENCIA FALLS – PLAT ONE, according to the Plat thereof, as recorded in Plat Book 89, at Page 28 of the Public Records of Palm Beach County, Florida).

Said lands situate, lying and being in Palm Beach County, Florida.

EXHIBIT B

Articles of Incorporation of  
Valencia Falls Homeowners Association, Inc.

[See Attached 14 Pages]