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MASTER DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR PALM GROVE

THIS MASTER DECLARATION, made this 17th day of September, 1997, by **GEORGE E. FLETCHER** and **GLORIA W. FLETCHER**, husband and wife, whose post office address is 1223 NW 14th Drive, Gainesville, Florida 32606, hereinafter jointly referred to as "the **DECLARANT**",

WITNESSETH

WHEREAS, the Declarant is the owner of the real property situate, lying and being in Alachua County, Florida, and described on Exhibit "A" attached hereto and incorporated herein by this reference (Palm Grove, hereinafter referred to herein as the "Phase One Property"); and

WHEREAS, it is contemplated that the Phase One Property and Additional Properties, as hereinafter defined, will be developed as a mixed use development comprised of various residential uses with streets (both private and public), street lights (both private and public), open spaces, buffers, stormwater drainage and retention areas, and other common areas and improvements for the benefit of the owners of lands from time to time made subject to the terms of this Master Declaration; and

WHEREAS, the Declarant desires to provide for the preservation and enhancement of the property values and quality of life in The Properties, the personal and general health, safety and welfare of the owners of the affected lands, and for the maintenance of streets, street lights, stormwater drainage and retention areas and improvements, open spaces, buffers, recreational areas and facilities, and other common areas and improvements located in The Properties, and, to this end, desires to subject the Phase One Property and each Additional Property, when and if annexed, to the covenants, conditions, restrictions, easements, and liens hereinafter set forth, each of which shall be binding upon and run with the title to The Properties; and

WHEREAS, to provide a means for meeting the purposes and intents herein set forth, the Declarant deems it desirable to create a non-profit corporation to which may be conveyed title and delegated and assigned the powers of maintaining and administering the community properties and facilities, administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter created.

RETURN TO

NOW, THEREFORE, the Declarant, for itself and its successors and assigns, declares that the Phase One Property and, upon annexation, each Additional Property are and shall be held, transferred, sold, conveyed, mortgaged, and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth, all of which shall run with title to the land.

ARTICLE I

DEFINITIONS

The following words when used in this Master Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

a. **"Additional Property"** shall mean and refer to those real properties, together with any improvements thereon, other than the Phase One Property, which are made subject to this Master Declaration under the provisions of Article II hereof.

b. **"Association"** shall mean and refer to Palm Grove Residents Association, Inc., a Florida corporation not for profit, or its successors and assigns.

c. **"Common Expenses"** shall mean and refer to the actual and estimated expenses of operating the Association and meeting the costs incurred or to be incurred relative to the performance of the duties of the Association, including without limitation, the costs incurred for operation, maintenance and improvement of any Common Property, and including any reserves established by the Association, all as may be found to be necessary and appropriate by the Board of Directors of the Association pursuant to this Master Declaration, the By-Laws, and the Articles of Incorporation of the Association.

d. **"Common Property"** shall mean and refer to all real property and any improvements located thereon, and all personal property, from time to time intended to be devoted to the use and enjoyment of all Members of the Association and maintained by the Association at Common Expense. "Common Property" includes, without limitation, any platted parcel which is part of The Properties and which is designated on the plat for ownership and maintenance by the Association.

e. **"The Declarant"** shall mean and refer to George E. Fletcher and Gloria W. Fletcher, husband and wife, their successors and assigns. No successor or assignee of the Declarant shall have any rights or obligations of the Declarant hereunder unless such rights and obligations are specifically set forth in the instrument of succession or assignment, or unless such rights pass by operation of law.

f. **"Member"** shall mean and refer to each Owner who is a Member of the Association as provided in Article III, Section 2 hereof, and also, to each Owner which may also be a member of said Association created pursuant to the terms of any Supplemental Declaration.

g. **"Owner"** shall mean and refer to the record holder, whether one or more persons or entities, of fee simple title to each Parcel included in The Properties (other than the Association); but, notwithstanding any applicable theory of law of mortgages, Owner shall not mean or refer to any mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure proceeding or a conveyance in lieu of foreclosure. Every Owner shall be treated for all purposes as a single Owner for each Parcel owned by it, irrespective of whether such ownership is joint, in common or tenancy by the entirety. In the event any life estate is created with respect to any Parcel in The Properties, the Owner of the life estate shall be deemed to be the Owner for purposes of this definition for so long as the life estate shall exist.

h. "Parcel" shall mean and refer to each Lot and/or Residential Unit from time to time subject to the terms of this Master Declaration.

i. "Phase One Property" shall mean and refer to the real property described on Exhibit "A" attached to this Master Declaration.

j. "Pool and Clubhouse" shall mean and refer to the pool and clubhouse constructed by Developer on Common Property at no cost to the Association. Declarant, their agents or assigns may use the clubhouse as a Sales Center for a period of forty-eight (48) months from the date hereof.

k. "The Properties" shall mean and refer to the Phase One Property, together with such Additional Properties as may be annexed thereto, and submitted hereunder from time to time under the provisions of Article II hereof, if and when annexed.

l. "Residential Unit" shall mean and refer to each separately described portion of The Properties which is intended to be occupied as a single family residence or household, including without limitation each residential lot (together with the residence, if any, constructed thereon), condominium unit, zero lot line dwelling, attached and detached dwelling, patio home, townhouse and any other form of residential occupancy or ownership now existing or hereafter created. "Residential Unit" shall include in its meaning any interest in real property appurtenant to the ownership of the Residential Unit.

m. "Supplemental Declaration" shall mean and refer to any declaration of covenants and restrictions executed by the Declarant, and by the owner of the affected lands if same are not owned by Declarant, which extends the provisions of this Master Declaration to Additional Property.

ARTICLE II

PROPERTY SUBJECT TO THIS MASTER DECLARATION AND ADDITIONAL PROPERTY

Section 1. Property Subject to Master Declaration. The Phase One Property is and shall be held, transferred and occupied subject to this Master Declaration.

Section 2. Additional Property. The Declarant (joined by the owner of the lands if other than the Declarant) shall have the sole right but not the obligation to bring within the scheme of this Master Declaration, as Additional Property, additional properties adjacent to the Phase One Property or any property annexed thereto at any time within twenty (20) years from the date this Master Declaration has been recorded, which annexation may be accomplished without the consent of the Association, its Members, the Owners or occupants of The Properties, any mortgagee or lienholder, or anyone else.

Section 3. Method of Annexation. The additions authorized under this Article shall be made by filing of record a Supplemental Declaration with respect to the Additional Property which shall extend the scheme of the covenants and restrictions of this Master Declaration to such Additional Property. The Supplemental Declaration shall describe the real property to be annexed and shall state that it is being made pursuant to the terms of this Master Declaration for the purpose of annexing property to the scheme of this Master Declaration and extending the jurisdiction of the Association to the Additional Property. The Supplemental Declaration may contain such terms and provisions not inconsistent with this Master Declaration as may be desirable to reflect the different character, if any, of the real property being annexed or the various housing or community style characteristics and development approaches being implemented, all of which may be significantly at variance with that of the Phase One Property.

Owners, upon recordation of any Supplemental Declaration, shall also have a right and non-exclusive easement of use and enjoyment in and to the Common Property within the real property so annexed and an obligation to contribute to the operation and maintenance of such Common Property within the annexed lands.

Any Supplemental Declaration recorded in accordance with the terms hereof shall be conclusive in favor of all persons who rely thereon in good faith. From and after recordation of any Supplemental Declaration, the Additional Property described therein shall be subject to the provisions of this Master Declaration and to the jurisdiction of the Association.

ARTICLE III

STRUCTURE, POWERS AND DUTIES OF, AND MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Association. The Association shall be a nonprofit corporation charged with the duties and vested with the powers prescribed by law and set forth in the Articles of Incorporation, the Bylaws and this Master Declaration. Copies of the Association Articles of Incorporation and Bylaws are attached hereto as Exhibits "B" and "C", respectively. Neither the Articles of Incorporation nor the Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration. In the event of any such inconsistency, the provisions of this Master Declaration shall prevail. The officers and directors of the Association shall be required to be either (1) Members of the Association, or (2) agents, representatives or employees of the Declarant. A Board of Directors of the Association, and such officers as the Board may elect or appoint, shall conduct the affairs of the Association in accordance with this Master Declaration, the Articles of Incorporation and the Bylaws.

Section 2. Membership. The Declarant and each Owner shall be Members of the Association. The Association membership of each Owner shall be appurtenant to the Parcel giving rise to such membership, and shall not be transferred except upon the transfer of title to said Parcel and then only to the transferee of title thereto. Any prohibited separate transfer shall be void. Any transfer of title to a Parcel shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

Section 3. Voting Rights: The Association shall have two (2) classes of voting membership:

a. **Class "A".** Class "A" Members shall be all Owners of Residential Units, with the exception of the Declarant. Class "A" Members shall be entitled on all issues to one (1) vote for each Residential Unit in which they hold the interest required for membership.

b. **Class "B".** The Class "B" Members shall be the Declarant and any successor of the Declarant who takes title to and to whom Declarant assigns in writing one or more of the Class "B" votes. Upon the execution of this Master Declaration, the Class "B" Members shall be entitled to 5 votes for each Residential Unit owned by a Class "B" Member, or an aggregate of 245 votes based upon 49 permitted Residential Units in the Phase One Property. Thereafter, the number of Class "B" votes shall be reduced by one (1) vote for each Class "A" vote from time to time existing in the Association. No parcel shall be entitled to votes until such time as it is annexed by Supplemental Declaration; and at such time it shall be entitled to Class "B" votes in the same manner as provided herein. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

- (i) When the total outstanding Class "A" votes in the Association equal the total outstanding Class "B" votes; or

(ii) Four (4) years from the date of recording this Master Declaration, or four (4) years from the date of the last annexation of property, whichever shall occur last.

(iii) When, in its discretion, the Declarant so determines.

From and after the happening of any one of these events, the Declarant shall call a meeting as provided in the Bylaws for special meetings to advise the Association membership of the termination of Class "B" status.

The Class "B" Members shall cast on all issues their votes as they among themselves determine. It shall be permitted for the Declarant to retain and to cast all Class "B" votes.

Section 4. The Declarant Veto Power.

From and after the termination of the Class "B" membership the Declarant shall have a veto power over all actions of the Association and the Board of Directors of the Association. This power shall expire when the Class "A", other than those held by the Declarant, equal ninety percent (90%) of the total membership vote (regardless of class distinction) of the Association, or four (4) years after submission of the last Property subject to this Declaration, whichever occurs first.

No action authorized by the Association or the Board of Directors shall become effective, nor shall any action, policy or program be implemented, until and unless:

a. The Declarant shall have been given written notice of each meeting of the Members and of the Board of Directors by certified mail, return receipt requested or by personal delivery, at the address it has registered from time to time with the Secretary of the Association, which notice otherwise complies with the terms of the Bylaws as to regular and special meetings of the Members and Board of Directors, and which notice shall set forth with reasonable particularity the agenda to be followed at said meeting; and

b. The Declarant shall have been given the opportunity at each such meeting, if Declarant so desires, to join in, or to have its representatives or agents join in, discussion of any prospective action, policy, or program to be implemented by the Board or the Association. The Declarant and its representatives or agents may make its concerns and suggestions known to the Members of the Association or of the Board. At such meeting the Declarant shall have, and is hereby granted, a veto power over any such action, policy or program authorized by the Board of Directors, the Association officers, or Association membership, and to be taken by said Board, the officers or agents of the Association, or any individual Member of the Association (if Association or Board approval is necessary for said Member's action). Except as set forth in subsection (c) below, the Declarant veto must be exercised by the Declarant, its representatives, or agents at or before the meeting to consider proposed action. The veto power shall not include the authority to require any affirmative action on behalf of the Board or the Association; and

c. If any action, policy or program is to be implemented by prior consent without the formality of a meeting, then the Declarant shall be provided a written notice and description of the proposed action, policy or program at least ten (10) days in advance of such implementation, and the Declarant shall have ten (10) days after receipt of such notice to exercise its veto.

Section 5. Multiple Owners. Each vote in the Association must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint or multiple Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote on behalf of a particular Parcel, it shall thereafter be conclusively presumed for all purposes that he/she was, or they were, acting with the authority and consent of all other Owners thereof. In the event more than the appropriate number of votes are cast for a particular Parcel, none of said votes shall be counted and said votes shall be deemed void.

Section 6. Duties, Powers and Authority of the Association. The Association shall have all the powers of a non-profit corporation organized under the laws of the State of Florida, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles of Incorporation, the Bylaws, or this Master Declaration. The Association shall have the power to do any and all lawful things which may be authorized, assigned, required or permitted to be done by this Master Declaration, any Supplemental Declaration, the Articles of Incorporation and the Bylaws, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the duties or powers of the Association for the benefit of the Owners and for the maintenance, administration, and improvement of the Common Property.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTY

Section 1. Member's Easements of Enjoyment. Subject to the provisions of this Master Declaration, the Association, the Declarant (until the Declarant transfers ownership of the last Residential Unit owned by Declarant) and every Member of the Association shall have a non-exclusive right, license, privilege and easement of use and enjoyment in and to the Common Property and such rights shall be appurtenant to and shall pass with the title to every Parcel in The Properties. Said rights shall include, but not be limited to, the following:

- a. Right-of-way for ingress and egress by vehicles or on foot, in, through, over, under and across the streets, roads and walks in the Common Property for all lawful purposes; and
- b. Rights and easements of drainage across stormwater drainage and retention structures and areas, and to connect with, maintain and make use of utility lines, wires, pipes, conduits and cable television lines which may from time to time be in or along the streets and roads or other areas of the Common Property; and
- c. Rights to use and enjoy the Common Property for any purpose not inconsistent with this Master Declaration, any applicable Supplemental Declaration, the Bylaws and rules and regulations of the Association, or governmental regulations.

Section 2. Title to Common Property. The Declarant may retain the legal title to all or any portion or portions of the Common Property until such time as it has completed improvements thereon and until such time as, in the opinion of the Declarant, the Association is able to maintain the same. The Declarant may convey or turn over certain items of the Common Property and retain others. The Declarant hereby covenants for itself, its successors and assigns, that it shall convey to the Association all then-existing and completed Common Property located within The Properties no later than at such time as Declarant has conveyed to Owners fee simple title to ninety percent (90%) of the gross land area within the Properties. Said conveyances shall be free and clear of any mortgage lien. The conveyance of the Common Property to the Association shall be deemed to contain the following covenant which shall run with the land, whether or not specifically set forth in said conveyance, and shall be binding upon the Association, its successors and assigns, for so long as such property shall remain subject to this Master Declaration:

In order to preserve and enhance the property values and amenities of The Properties, the Common Property and all landscaping and drainage and other improvements now or hereafter built or installed thereon shall at all times be maintained in good repair and condition and shall be operated in accordance with high standards. In addition, the Association shall comply with any obligations imposed by the permit(s) issued by the St. Johns River Water Management District and the operation and maintenance plan attached thereto, or by any permit or authorization from any unit of local, regional, state, or federal government with regards to maintaining, repairing, replacing, operating and caring for real and

personal property, including but without limitation to all lakes, ditches, canals, retention or detention areas, drainage, other surfacewater management works, and preservation or conservation areas, wetlands, and wetland mitigation areas which are owned by the Association.

Section 3. Extent of Members' Easements. The rights and non-exclusive easements of use and enjoyment created hereby shall be subject to the following:

a. The Association, subject to the rights of the Declarant and the Owners set forth in this Master Declaration, shall be responsible for the exclusive management and control of the Common Property and all improvements thereon.

b. The right of the Declarant without Owner or Association approval prior to conveyance of title to the Association, and the right of the Association thereafter, to grant or dedicate to any Owner, to any governmental agencies and/or to any utility companies, and to reserve, easements and rights-of-way, in, through, under, over and across the Common Property for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, telephone, electricity, and other utilities, and for the completion of the development. No improvement or material may be placed upon any such an easement as may damage or interfere with the installation, maintenance and operation of utilities or that may change the direction, or affect the flow, of drainage.

c. The easements and rights of the Declarant reserved by this Declaration.

Section 4. Phase of Development in Which Common Property Located Not Controlling As To Use. Designation by the Declarant of property as Common Property shall result in general Association membership use and enjoyment entitlement regardless of the tract or phase in which the Common Property is located.

Section 5. Easement Reserved to the Declarant Over Common Property. The Declarant hereby reserves to itself and its successors and assigns, such licenses, rights, privileges and easements in, through, over, upon and under all Common Property, including, but not limited to, (1) the right to use the said properties for rights-of-way and easements to erect, install, maintain, inspect and use electric and telephone poles, wires, cables, conduits, sewers, water mains, pipes, telephone, and electrical equipment, gas, cable television, drainage facilities, ditches or lines, walls, berms, fences, landscaping or other utilities or services and for any other materials or services necessary or convenient for the completion, marketing, and use and enjoyment of The Properties; (2) the right to cut any trees, bushes or shrubbery, make any grading of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, convenience, safety and appearance; (3) the right to locate thereon wells, pumping stations and irrigation systems and lines; (4) the right and easement of ingress and egress for purposes of development, construction and marketing; and (5) such other rights as may be reasonably necessary to complete in an orderly and economic manner the development of all present and future phases of the Development; provided, however, that said reservation and right shall not be considered an obligation of the Declarant to provide or maintain any such utility, development, or service. The Declarant also reserves the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage and other utility lines which may from time to time be in or along the streets and roads, or within the Common Property, easements, or green belts, or to grant such rights to others. Finally, the Declarant reserves the right to use the Common Property in its efforts to market The Properties. The easements and rights-of-way herein reserved shall continue in existence in favor of the Declarant after conveyance of Common Property to the Association until such time as the Declarant has sold all lands in the Development. This Section may not be amended without the written consent of the Declarant.

Section 6. Beneficiaries of Easements, Rights and Privileges. The easements, licenses, rights and privileges established, created and granted by this Master Declaration shall be for the benefit of the Association, the

Declarant, and the Owners, all as more specifically set forth elsewhere in this Master Declaration, and any Owner or the Declarant may also grant the benefit of such easement, license, right or privilege to tenants and guests for the duration of their tenancies or visits, but the same are not intended nor shall they be construed as creating any rights in or for the benefit of the general public.

Section 7. Easement for Encroachments. In the event that any portion of any roadway, walkway, parking area, driveway, water lines, sewer lines, utility lines, sprinkler system, building or any other structure or improvement as originally constructed encroaches on any Parcel or Common Property, it shall be deemed that the Owner of such Parcel or the Association, as the case may be, has granted a perpetual easement to the Owner of the adjoining Parcel, or the Association as the case may be, for the continuing maintenance and use of such encroaching improvement or structure. The foregoing shall also apply to any replacements of any such improvements or structures if same are constructed in substantial conformity with the original structure or improvement.

ARTICLE V

INSURANCE AND CASUALTY LOSSES

The Association's Board of Directors shall have the authority but not the duty to obtain insurance for insurable improvements on the Common Property owned by it, against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, and to obtain public liability policies covering the Association, Declarant and/or its designee, and its Members for damage or injury caused by the negligence of the Association, Declarant and/or its designee, or any of its Members or agents, and, if reasonably obtainable, directors' and officers' liability insurance, and to obtain any and all other types of insurance coverage with respect to such risks or persons as shall be deemed necessary or appropriate by the Board of Directors. Any insurance obtained shall include such coverage, contain such deductible provisions and be in such limits as shall be determined by the Board of Directors. The Association shall also have the discretion to self-insure against any risk. Premiums for insurance shall be a Common Expense if for the benefit of the Association, its officers or directors, the entire membership as a group, or relate to the Common Property.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation on Assessments.

a. Each Owner by acceptance of a deed to any Parcel included in The Properties, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and hereby does covenant and agree to pay to the Association: (1) annual assessments or charges, (2) special assessments, and (3) individual assessments. Said assessments shall be fixed, established and assessed to the Owners as hereinafter provided. The assessments together with interest thereon, late charges, lien charges and costs of collection thereof, including court costs and reasonable attorneys' fees (including fees and costs upon appeal), shall be a charge and a continuing lien upon the Parcel against which each such assessment is made from the date on which each such assessment is due. Each such assessment, together with interest, late charges, lien charges, costs and attorneys' fees, as herein provided, shall also be the personal obligation of the person who was the Owner of such Parcel at the time when the assessment fell due.

b. **Exempt Property.** The following property now or hereafter subject to this Master Declaration shall be exempt from the assessments, charges and liens created herein:

- (i) All Common Property; and
- (ii) Any Property owned by Declarant.

Except as set forth in this subsection, no land or improvements in The Properties shall be exempt from assessments, charges or liens. No Owner may avoid the obligation for the payment of assessments by virtue of non-use or abandonment of the Common Property.

Section 2. Purpose of Assessments. The assessments levied by the Association may be used for the purpose of promoting the recreation, health, safety, and welfare of the lands and Owners in The Properties, for the performance by the Association of its duties and the exercise of the powers conferred upon it, for the improvement and maintenance of properties, services and facilities which have been or will be constructed, installed or furnished upon, and which are devoted to the purpose and related to the use and enjoyment of the Common Property, and for such other purpose as may be deemed desirable or appropriate from time to time by the Board of Directors, including but not limited to:

a. Payment of operating expenses of the Association which shall include without limitation the pool and clubhouse, and;

b. Lighting, improvement and beautification of access ways and easement areas (whether dedicated to the public or private), and the acquisition, maintenance, repair and replacement of project identification signs, directional markers and traffic control devices, entry features, and the costs of controlling and regulating traffic on the access ways if not maintained by a public body; and

c. To pay all real and personal property taxes and assessments (if any) separately levied upon or assessed against the Association or the Common Property. Such taxes and assessments may be contested or compromised by the Association. It is the intent of this Master Declaration that, inasmuch as the interest of each Owner to use and enjoy the Common Property constitutes an interest in real property on a proportionate basis appurtenant to each benefitted Parcel, the value of the interest of each Owner in such property shall be included in the assessed value of each Parcel and any taxes levied directly against such community property should be of a nominal nature; and

d. Management, maintenance, improvement and beautification of landscaping and stormwater drainage and retention features on Common Property; and

e. Repayment of deficits previously incurred by the Association, if any, in making capital improvements to or upon the Common Property, and in furnishing services to or for the Members of the Association; and

f. Repair and maintenance of all streets and roadways situated upon the Common Property which have not been dedicated to any governmental unit; and

g. Funding of appropriate reserves for future repair and replacement; and

h. Doing any other thing necessary or desirable in the judgment of said Association to keep The Properties or the Common Property neat and attractive or to preserve or enhance the value thereof, or to eliminate fire, health or safety hazards, or which, in the judgment of the said Association, may be of benefit to the Owners or occupants of The Properties.

Section 3. Determination of Assessments.

a. **Operating Budget.** It shall be the duty of the Board, by majority vote, at least forty-five (45) days prior to the end of the Association's fiscal year, to prepare and approve a budget covering the estimated costs of operating the Association during the coming year, including but not limited to operational items such as overhead and indirect costs, insurance, utilities, taxes, repairs, reserves, maintenance and other operating expenses, as well as charges to cover any deficits from prior years, and such capital improvements budget items as approved by the Board pursuant to Subsection (b) below.

b. **Capital Budget.** The Board of Directors shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required annual capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect to both amount and timing. The annual capital contribution required shall be fixed by the Board and included within the annual operating budget and assessments. A copy of the capital budget shall be distributed to each Member as an Appendix to the operating budget. Additionally, new capital improvements in the budget shall be approved not by the Board of Directors, but by a majority of the Owners or Members by separate written ballot.

c. **Adoption of Budget.** The Board shall cause a copy of the budget and the projected assessments to be levied for the following year to be delivered to each Member at least forty-five (45) days prior to the end of the Association's fiscal year. The budget and the assessments shall become effective unless and until disapproved at a special meeting of the Members held on or before thirty (30) days after the proposed budget and assessments are mailed to the Members, by a vote of two-thirds (2/3) of the membership of the Association. In the event that the membership so disapproves the proposed budget for the succeeding year, or in the event the Board shall fail to propose a budget, then and until such time as a new, acceptable budget shall have been determined, the budget in effect for the preceding year shall continue for the succeeding year.

Section 4. Special Assessments.

a. **Special Assessments.** In addition to the annual assessments established pursuant to Section 3 hereof, the Board of Directors of the Association may levy at any time a special assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement upon the Common Property, including the necessary fixtures and personal property related thereto, for the purpose of covering any insufficiency of assessments to fund the actual monetary needs of the Association over and above the budgeted annual assessments, or for any other use or purpose deemed desirable or appropriate by the Board of Directors; provided, however, that any such special assessment shall have the approval of a majority of the votes of the Members (without regard to class) who are in attendance and voting in person or by proxy at a meeting duly called for said purpose. The Board of Directors shall determine the date when such special assessment is to be paid.

b. **Individual Assessment.** The Association may levy an individual assessment upon any Owner to cover the costs incurred by the Association due to that Owner's failure to maintain its Parcel pursuant to the standards set forth in this Master Declaration, or to reimburse the Association for any damage to any Common Property caused by any Owner or its lessee or invitee, or for any other purpose permitted by this Master Declaration or any Supplemental Declaration.

Section 5. Date of Commencement of Assessments; Initial Annual Assessment; Due Dates. The annual assessments provided for herein as to the Phase One Property shall commence on the first day of the first full calendar month following the recordation of this Master Declaration. The annual assessment for each Additional Property shall commence upon the first day of the first full calendar month after the recordation of the applicable Supplemental Declaration.

The initial annual assessment for the Phase One Property shall be Two Hundred and 00/100 Dollars (\$200.00) per Residential Unit (prorated for calendar year in which this Master Declaration is recorded). The first annual assessment for each Residential Unit shall be due and payable at the time any Residential Unit is first occupied or at the closing of the first sale of any Residential Unit subsequent to issuance of a certificate of occupancy for each such Residential Unit, whichever first occurs.

Annual assessments shall be due, in advance, on or before the commencement of the year for which imposed; provided, however, the Board of Directors shall have the discretion to collect assessments in installments over the year for which imposed at such payment intervals as it shall determine. In the event of such deferred payments, the Board shall also be permitted to charge a uniform rate of interest upon the amounts from time to time remaining unpaid at any rate deemed appropriate by the Board; provided, however, such rate shall not exceed the statutory usury limit then existing. The Board may accelerate the unpaid balance of any assessment upon default in the payment of any installment thereon.

The amount of the annual assessment to be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3 hereof as the remaining number of months in that year bears to twelve. The same reduction in the amount of the assessment shall apply to the first assessment levied against any Additional Property annexed at a time other than at the beginning of an assessment period.

Section 6. Certificate of Payment. Upon request, the Association shall furnish to any Owner liable for assessment a certificate in writing signed by an officer of the Association setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence in favor of third parties of payment of any assessment therein stated to have been paid. The Board of Directors may establish a reasonable fee to reimburse the cost of issuance of said certificate.

Section 7. Effect of Non-Payment of Assessment. If any assessment is not paid on the date when due, then such assessment shall become delinquent and the delinquent assessment, together with interest thereon and/or late charges as shall be imposed by the Board at its discretion, and the cost of collection thereof, as herein provided, shall be secured by a continuing lien on the lands and improvements located thereon with respect to the ownership of which the assessment accrued which shall bind such lands and improvements in the hands of the then Owner, its heirs, successors, personal representatives and assigns. Such lien shall be prior to all other liens hereinafter created except taxes or assessments levied by governmental authority, and except as to the lien of any mortgage as hereinafter provided in Section 8. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them, but no such assumption shall relieve any Owner personally obligated hereby for delinquent assessments from such Owner's personal liability therefor.

If the assessment or installment thereon is not paid within thirty (30) days after the due date, same shall bear interest from the date due at the highest rate allowed by Florida law or at such lesser rate as may be determined by the Board and uniformly applied, and the Association may bring an action at law for collection against the Owner personally obligated to pay the same and/or to foreclose the lien against the lands and improvements, and there shall be added to the amount of such assessment the aforesaid interest, late charges, if any, costs of collection and court costs, and reasonable attorneys' fees, including court costs and attorney's fees upon appeal, and the said costs of collection shall be recoverable whether or not suit be brought. Costs of collection shall include not only costs of a legal action or legal representation, but shall include costs incurred by the Association for collection. Each letter written by the Association for delinquent assessments shall be reimbursed at the same rate as a Certificate of Payment.

If it becomes necessary for the Association to file a claim of lien against any Parcel, a lien fee in an amount set by the Board of Directors may be charged by the Association. Such lien fee shall be added to the unpaid assessment and same shall be secured by the lien hereby created.

Section 8. Subordination of the Lien to Certain Mortgages. The lien of the assessments provided for by this Master Declaration shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon any Parcel in The Properties and held by a commercial or savings bank, savings and loan association, trust company, credit union, industrial loan association, insurance company, pension fund, or business trust, including but not limited to a real estate investment trust, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such lender, or any private or governmental institution or agency which has insured the loan of any such lender, or any combination of any of the foregoing entities, or any of same constituting an institutional mortgage, provided, however, that a sale or transfer of any Parcel pursuant to a decree of foreclosure, or pursuant to any proceeding in lieu of foreclosure, shall not relieve such Parcel from liability for any assessments which thereafter become due, nor from the lien of any subsequent assessment. Said assessment liens, however, shall be subordinate to the lien of any such mortgage or mortgages hereafter placed upon the properties subject to assessment, and no mortgagee shall be responsible for the collection of assessments from an Owner.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 1. Architectural Control; ARB. All lands and improvements in The Properties are subject to architectural and environmental review. This review shall be in accordance with this Article and Palm Grove Planning, Construction and Development Criteria described below. No sitework, landscaping, utilities extensions, drainage improvements, paving, parking areas, building, fence, wall or any other physical or structural improvement, or change or alteration to the exterior of any existing structures or improvements, or to any existing landscaping, shall be commenced, erected or maintained until the plans and specifications showing the nature, size, workmanship, design, signs, shape, finished grade elevation, height, materials and color of the same, together with a detailed landscape plan and a plot plan showing the location relative to boundaries and adjacent improvements of such proposed improvements or changes, shall have been submitted to and approved in writing by the Architectural Review Board (the "ARB") as to consistency with Palm Grove's Planning, Construction and Development Criteria ("the Planning Criteria"), harmony of exterior design and materials, location in relation to surrounding structures, and drainage features and topography. The above approvals also shall apply to remodeling, re-painting, re-roofing and re-landscaping.

No Dwelling of one story with less than 1000 square feet, or if two stories, with less than 500 square feet on the first floor will be approved for Palm Grove.

Subject always to final approval by the Board of Directors, the ARB shall promulgate and revise from time to time the Planning Criteria for The Properties. The Planning Criteria shall be set forth in writing and made available to all builders doing business in The Properties, and to all Members and prospective Members of the Association. Each applicant for approval shall have the burden to know and comply with the appropriate criteria. The Planning Criteria may include any and all matters considered appropriate by the ARB not inconsistent with the provisions of this Master Declaration, including without limitation minimum square footage requirements for Residential Units, landscaping, fence design and residential recreational improvements. Different Planning Criteria may be adopted and enforced for improvements in different portions of The Properties.

So long as the Declarant owns any lands subject to this Master Declaration or any Supplemental Declaration, the Declarant shall be entitled to appoint all members of the ARB. Thereafter, the membership of the ARB shall be determined by the Board of Directors of the Association. The ARB shall consist of no less than three (3) and no more than five (5) members, who shall be required to be owners of the Properties. The Declarant may at any time assign in writing its powers of removal or appointment to any entity or person, subject to such terms and conditions as the Declarant may choose to impose. Nothing herein contained shall be deemed to limit the right of an Owner to finish or alter the interior of that Owner's improvements as that Owner deems appropriate or desirable, subject to provisions

of other Articles of this Master Declaration. The concurrence of a majority of the members of the ARB shall be required for any decision of the ARB.

The conclusion and opinion of the ARB shall be submitted to the Board of Directors for final approval. binding. If in its opinion, for any reason, including purely aesthetic reasons, the ARB should determine that any proposed improvement, alteration, etc. is not consistent with the Planning Criteria and the Board of Directors affirms the ARB, such alteration or improvement shall not be made.

Section 2. Approval or Disapproval. Approval of the plans and specifications may be withheld not only because of noncompliance with any of the specific conditions, covenants and restrictions contained in this Master Declaration, but also by virtue of the reasonable dissatisfaction of the ARB with the location of the structure on the lot, the elevation, the color scheme, the finish, design, proportions, architecture, drainage plan, shape, height, style and appropriateness of the proposed structures or altered structures, the materials used therein, the planting, landscaping, size, height or location of vegetation on the property, fences, enclosures, mail boxes, or because of its reasonable dissatisfaction with any or all other matters or things which, in the reasonable judgment of the ARB, will render the proposed item of improvement inharmonious or out of keeping with the general Planning Criteria. Two (2) sets of plans, specifications and plot plans (collectively the "plans") shall be submitted to the ARB by the Owner prior to applying for a building permit. The Owner shall obtain a written receipt for the plans from an authorized agent of the ARB. Plans and re-submittals thereof shall be approved or disapproved within thirty (30) days after receipt by the ARB. Failure of the ARB to respond in writing to a submittal or re-submittal of plans within such period shall be deemed to be an approval of the plans as submitted or resubmitted. The ARB approval or disapproval, as required by this Master Declaration, shall be in writing and shall accompany one (1) copy of the plans to be returned to the Owner. Whenever the ARB disapproves plans and specifications, the disapproval shall be accompanied by a written outline of the reason or reasons for such disapproval. The remaining copy shall become the property of the ARB.

Section 3. Violations; Waiver. The work approved must be performed strictly in accordance with the plans as submitted and approved. If after such plans have been approved, the improvements are altered, erected, or maintained upon the property otherwise than as approved by the ARB and affirmed by the Board of Directors, such alteration, erection and maintenance shall be deemed to have been undertaken without the approval of the ARB having been obtained as required by this Master Declaration. After the expiration of one (1) year from the date of completion of any improvement, addition or alteration, said improvement shall, in favor of purchasers and encumbrances in good faith and for value be deemed to comply with all of the provisions hereof, unless a notice of such noncompliance authorized by the ARB, approved by the Board of Directors and executed by the chairperson of the ARB shall appear of record in the office of the Clerk of the Circuit Court of Alachua County, Florida, or legal proceedings shall have been instituted to enforce compliance with these provisions. Upon approval of the ARB and affirmed by the Board of Directors, it shall be conclusively presumed that the location and exterior configuration of any building, structure or other improvement placed or constructed in accordance with the approved plans does not violate the provisions of this Master Declaration. The approval of the ARB of any plans submitted for approval as herein specified shall not be deemed to be a waiver by the ARB of its rights to object to any of the features or elements embodied in such plans if or when the same features or elements are embodied in any subsequent plans submitted, nor shall its approval be deemed approval of any plan or design from the standpoint of structural safety or conformance with building or other codes.

Section 4. Variances. The ARB, subject to approval of the Board of Directors, may authorize variances from compliance from any of the architectural provisions of this Master Declaration or the Planning Criteria, including without limitation restrictions upon height, size or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, existing or environmental considerations may require. Such variances must be evidenced in writing and must be signed by a majority of the ARB together with the chairman or a majority of the Board of Directors, and shall be effective upon delivery to the Owner. If such variances are granted, no violation of this Master Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Master Declaration.

or the Planning Criteria for any purposes except as to the particular Parcel and the particular provision covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of the Owner's Parcel, including but not limited to zoning ordinances and setback requirements imposed by the appropriate governmental authority.

Section 5. Waiver of Liability. Neither the Declarant, the ARB, any member of the ARB, or the Association, or any of their representatives, shall be liable in damages to anyone submitting plans for approval or to any Owner or occupant of The Properties by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval of any plans, or the failure to approve any plans. Every person who submits plans for approval agrees, by submission of such plan, and every Owner or occupant of any Parcel agrees, by acquiring title thereto or an interest therein, that it will not bring any action, proceeding or suit to recover any such damage. Approval of any building plans, specifications, site or landscape plans or elevations, or any other approvals or consents pursuant hereto or otherwise, is given solely to protect the aesthetics of The Properties; and shall not be deemed a warranty, representation or covenant that such buildings, improvements, landscaping or other action taken pursuant thereto or in reliance thereof comply with, or are not in violation of any applicable laws, codes, rules or regulations.

The Declarant, the ARB, the Association or any agent thereof, shall not be responsible in any way for any defects in any plan or specifications submitted, revised or approved in accordance with the requirements of the ARB, or for any structural or other defect in any work done according to such plans and specifications.

This Article may not be amended without the Declarant's written approval so long as the Declarant owns any Parcel.

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

Section 7. Term of Approval. Approval by the ARB shall be effective for a period of one (1) year from the date the approval is given, or one (1) year from the expiration of the thirty (30) day period specified in Section 2 hereof where approval is not expressly granted or denied. If construction has not commenced within the said one (1) year period, the approval shall have expired and no construction shall thereafter commence without written renewal of such prior approval.

ARTICLE VIII

EXTERIOR MAINTENANCE

Section 1. Owner's Responsibility; Default. It shall be the affirmative duty of each Owner at all times to keep and maintain the improvements, landscaping and stormwater drainage and retention improvements located on and serving to drain only its Parcel in good and presentable condition and repair consistent with the approved plans and specifications therefor. The Association shall have the right to provide exterior maintenance upon any Parcel and

improvements thereon in The Properties in the event of default by any Owner in that Owner's duties hereby imposed; subject, however, to the following provisions. Prior to performing any maintenance on an Owner's property, the Board of Directors of the Association, or a committee appointed by the Board of Directors, shall determine that same is in need of repair or maintenance and is detracting from the overall appearance of The Properties. Except in the event of an emergency, prior to commencement of any maintenance work, the Board of Directors must furnish fifteen (15) days' prior written notice to the Owner at the last address listed in the Association's records for said Owner notifying the Owner that unless certain specified repairs or maintenance are commenced within said fifteen (15) day period and thereafter diligently pursued to completion, the Association may procure said repairs and charge same to the Owner. Upon the failure of the Owner to act within said period of time and to thereafter diligently pursue repairs or maintenance, the Association shall have the right to enter in or upon any Parcel and the exterior of any improvements located thereon, or to hire personnel to do so, to make such necessary repairs, or maintenance as is specified in the written notice. In this connection, the Association shall have the right to do such things as, but not limited to, paint, repair, replace and care for roofs, gutters, downspouts and exterior building surfaces, clean or resurface paved access ways and parking areas, trim and care for trees, shrubs, grass, walks, swales, berms and other landscaping and drainage improvements, as well as to provide general cleanup, and removal of debris which in the opinion of the Association detracts from the overall beauty and setting of The Properties. The Declarant and the Association, or their agents or employees, shall not be liable to the Owner for any trespass or damages or injury to the property or person of the Owner or the occupants or invitees of the affected parcel or improvements thereon unless caused by gross negligence or intentional wrongdoing.

Section 2. Assessment of Cost. The cost of the repair or maintenance referred to in Section 1 shall be assessed as an individual assessment against the Owner of the Parcel or improvements upon which such maintenance is done. Said individual assessment shall be secured by a lien upon the affected Parcel and improvements and shall also constitute a personal obligation of the Owner. The individual assessment shall be collectible along with interest at the highest rate allowed by law from date of expenditure to date of payment by the Owner, and costs of collection and attorneys' fees, in the same manner as delinquent annual assessments.

Section 3. Access at Reasonable Hours. For the purpose of performing the repairs or maintenance authorized by this Article, the Association, through its duly authorized agents, contractors or employees, shall have the right to enter upon any Parcel and the exterior of any improvements thereon during reasonable hours on any day except Sundays and holidays, except that in an emergency situation, as determined by the Board, entry may be made on any day and at any hour.

Section 4. Association Maintenance Responsibility. The Association shall maintain and keep in good repair the Common Property and all improvements thereon. Said maintenance obligation shall be deemed to include but not be limited to maintenance, repair and replacement, subject to the insurance and casualty loss provisions contained herein, of all utility lines, pipes, wires, glass, conduits, structures, systems, trees, fences, shrubs, grass, streets, parking spaces, walks, and other improvements situated upon the said Common Property. It shall also be the affirmative duty of the Association to maintain as a Common Expense all stormwater drainage and retention improvements and features located in The Properties or the Common Property and comprising part of the master stormwater drainage plan for Palm Grove. The Association shall comply with any obligations imposed by the permit(s) issued by the St. Johns River Water Management District and the operation and maintenance plan attached thereto, or by any permit or authorization from any unit of local, regional, state, or federal government with regards to maintaining, repairing, replacing, operating and caring for real and personal property, including but without limitation to all lakes, ditches, canals, retention or detention areas, drainage, other surfacewater management works, and preservation or conservation areas, wetlands, and wetland mitigation areas which are owned by the Association. All maintenance of each Parcel in The Properties and all parts of any structure thereon, unless specifically identified as being the responsibility of the Association shall be the responsibility of the Owner of such Parcel.

ARTICLE IX**RESTRICTIVE COVENANTS**

The Properties shall be subject to the following restrictions, reservations and conditions which shall be binding upon each and every Owner and its heirs, personal representatives, tenants, invitees, successors, and assigns, as follows:

Section 1. Water and Sewage Facilities. No individual water supply system or individual sewage disposal system shall be permitted on any Parcel. This section does not restrict the right of any Owner to install, operate and maintain a water well for use only for air conditioning/heating, and irrigation purposes.

Section 2. Landscaping. Landscaping on each Parcel and stormwater drainage and retention features located on and serving only that Parcel shall be continuously maintained in good, aesthetically pleasing condition by the Owner thereof. The Owner of each Parcel abutting a body of water shall maintain the shoreline of said Parcel free of debris and weeds consistent with applicable environmental regulations. Landscaping as approved by the ARB shall be installed within thirty (30) days of occupancy or completion of any buildings (as evidenced by a certificate of occupancy or its equivalent), whichever occurs first.

Section 3. Obnoxious or Offensive Activity. No obnoxious or offensive activity shall be allowed upon The Properties, nor shall any use or practice be allowed which is a source of annoyance, embarrassment or discomfort to Owners or their tenants or invitees, or which interferes with the peaceful possession and proper use and enjoyment of The Properties, nor shall any improper, unsightly, offensive or unlawful use be made of any Parcel or any improvements thereon or of the Common Property, nor any part thereof, and all laws, zoning ordinances, and regulation of all governmental bodies having jurisdiction shall be observed.

The use, enjoyment and occupancy of The Properties shall be in such a manner so as not to cause or produce any of the following effects discernible outside buildings located thereon or affect the adjoining property or any portion or portions thereof; noise or sound that is objectionable because of its volume, duration, intermittent beat, frequency or shrillness; smoke, dust, dirt or fly ash; unusual fire or explosive hazards; or vibration.

Section 4. Rules and Regulations. Rules and regulations promulgated by the Board of Directors of the Association as to the use and enjoyment of The Properties shall be observed by the Owners and occupants thereof. Such rules and regulations may involve such matters as multi-family structures, air conditioning units, signs, mailboxes, temporary structures, noisy mufflers or other nuisances, garbage and trash disposal, clotheslines, parking, vehicle traffic and the state of repair of vehicles, tree removal, gutters, pets, game and play structures, swimming pools, television antennas, driveways, walkways, sight distance at intersections, garages, and fences. These matters are set out by way of illustration only and shall not be construed to limit the authority of the Board of Directors to promulgate and enforce rules and regulations. Such rules and regulations may augment or clarify the terms of this Master Declaration or any provision, covenant or restriction herein contained. Copies of such rules and regulations shall be made available to each Owner prior to the time same become effective.

Section 5. Animals. Birds, fish, dogs and cats may be kept as pets only, and shall not be held or offered for sale or maintained or bred for any commercial use. All dogs and cats must be leashed or fenced when outside and shall not be permitted to run loose. No other animals, fowl, reptiles or livestock shall be kept or maintained in The Properties. No bird, fish, dog or cat shall be permitted to remain if it disturbs the tranquility of The Properties or the Owners or tenants thereof. Each owner shall be responsible for maintaining any area used by his/her bird, fish, dog or cat.

Section 6. Garbage and Trash. No trash, garbage or other waste material or refuse shall be placed or stored on any part of The Properties except in covered or sealed sanitary containers. All such sanitary containers must be

stored within each building, buried underground, or placed within an enclosure or concealed by means of a screening wall of material similar to and compatible with that of the building approved by the ARB. These elements shall be integrated with the concept of the building plan, shall be designed so as not to attract attention, and shall be located in the most inconspicuous manner possible.

Section 7. Storage Receptacles. No fuel tanks or similar storage receptacles may be exposed to view, and same may be installed only within an approved accessory building, within a screened area, or buried underground, and shall otherwise comply with standards established from time to time by the Board of Directors, the ARB and governmental regulations.

Section 8. Vehicles and Repair. No inoperative cars, motorcycles, trucks or other types of vehicles shall be allowed to remain either on or adjacent to any Parcel for a continuous period in excess of forty-eight (48) hours; provided, however, this provision shall not apply to any such vehicle being kept in an enclosure and not visible from the street or any neighboring Parcel. All trucks in excess of 3/4 ton, commercial vehicles, campers, mobile homes, motor-homes, boats, house trailers, boat trailers, or trailers of every other description must be parked or stored in a fully enclosed garage, or an area completely screened from view from any other Parcel or Common Property. The only exception is during the periods of approved construction on The Properties. This prohibition of parking shall not apply to temporary parking of trucks and commercial vehicles, such as pick-up, delivery, and other commercial services. Additional rules and regulations regarding use, repair and storage of vehicles in The Properties may be promulgated from time to time by the Board of Directors.

Section 9. Temporary Structures. No building or structure of a temporary character, including trailers, tents and shacks shall be permitted in The Properties; provided, however, temporary improvements used solely in connection with the construction of approved permanent improvements shall be permitted so long as located as inconspicuously as possible and removed immediately upon completion of such construction.

Section 10. Signs. No signs, advertisements, billboards, solicitation or advertising structures of any kind shall be erected, modified or maintained on any Parcel, unless prior written approval of the ARB is obtained; provided, however, reasonable street numbers and name signs on individual Residential Units and one sign containing not more than eight (8) square feet on surface area per side (2 sides maximum) and used solely in connection with the marketing of Parcels for sale shall be permitted without prior approval. The restrictions of this section shall not apply to the Declarant.

Section 11. Air-Conditioning Equipment. No air conditioning equipment which is visible on the exterior of any improvement shall be permitted in The Properties unless approved by the ARB. Approval shall be based upon adequacy of screening and/or landscaping of such equipment.

Section 12. Drainage Structures. No person (other than the Declarant), without the prior written approval of the ARB, shall obstruct, alter or in any way modify the method and/or structures of drainage utilized or now or hereafter installed by the Declarant or the Association from, on and over any Parcel, or Common Property; nor shall any structure be erected, placed or maintained which shall in any way obstruct such drainage devices or facilities or impede their efficient operation.

Section 13. Antennae. No outside antenna, including without limitation any television, radio, microwave or dish antenna, shall be erected, used or maintained in The Properties without the prior written approval of the ARB. Said approval shall not be granted until ARB adopts an Antennae Policy; which adoption shall not occur before such time as, solely in the opinion of ARB, technology and manufacturing advance to provide for the availability of an aesthetically acceptable Antennae.

Section 14. Subdivision. No part of The Properties shall be further subdivided except as platted without the prior written consent of the Declarant for so long as the Declarant owns any lands in the Development Plan, and thereafter by the Board of Directors.

Section 15. Completion of Construction. After commencement of construction of any improvements in The Properties, the Owner shall diligently prosecute the work thereon, to the end that the improvements shall not remain in a partly finished condition any longer than reasonably and normally necessary for completion thereof. The Owner of the Parcel on which improvements are being constructed shall at all times keep public and private streets contiguous to the Parcel free from any dirt, mud, garbage, trash or other debris which might be occasioned by construction of the improvements.

Section 16. Excavation. No clearing or excavation shall be made except in connection with the construction, maintenance or repair of an improvement; and upon completion thereof exposed openings shall be backfilled, and disturbed ground shall be leveled, graded and seeded, as provided on the approved plans for landscaping.

Section 17. Maintenance of Protective Screening. Any protective screening constructed along exterior Parcel lines as a buffer against the encroachment of noise, dust and/or visual pollution, or other adverse influence, shall be maintained by the Owners of such Parcel, at such Owner's expense, including the repair and replacement thereof from time to time, for so long as such buffer shall continue necessary by virtue of the continued adverse influence on the adjacent properties, which such necessity shall be determined by the ARB.

Section 18. Utility Service. No "service lines" shall be constructed, placed or maintained anywhere in or upon The Properties unless the same shall be contained in conduits or cables constructed, placed and maintained underground or concealed in, under or on buildings or other approved improvements; provided electrical transformers may be permitted if properly screened and approved by the ARB. Nothing herein shall be deemed to forbid the erection and use of temporary power or telephone service poles incident to the construction of approved improvements. The foregoing shall not apply to "transmission lines" now or hereafter existing on The Properties. As used herein, the term "service line" shall include lines, wires, or other devices for the communication or transmission of electric current or power on any site or part thereof, including without limitation telephone and television signals. As used herein, the term "transmission line" shall include such master lines, wires, etc. as transmit the current or power to the Parcels or parts thereof, and from which the "service lines" run.

Section 19. Play Structures and Yard Accessories. Basketball backboards may be located adjacent to a driveway or at the rear of the residential structure. All play structures and yard accessories shall be located to the rear of any building. For any such structure exceeding six (6) feet in height (except basketball backboards), approval must first be obtained from the ARB.

Section 20. Trees. Living trees measuring eight inches (8") or more in diameter at three feet (3') or more above ground level shall not be cut down or removed from The Properties without the prior written consent of the ARB unless the trees are located within six feet (6') of the residence or its proposed location as approved by the ARB.

Section 21. Garages. The ARB shall establish criteria for garages based upon the different Planning Criteria adopted in different portions of The Properties. The ARB may even, in its sole discretion, determine that garages are not necessary for certain portions of The Properties.

Section 22. Fences. No fences shall be erected without prior ARB approval. The ARB shall prepare fence guidelines to be included within the Construction and Development Criteria.

Section 23. Rights of the Declarant. The Declarant and/or its designee has the right to maintain upon a portion of The Properties sales, administrative, construction or other offices, signs and other promotional equipment and apparatus which shall not be subject to assessment.

ARTICLE X

AMENDMENT BY DECLARANT

The Declarant, as long as Declarant owns or is authorized by an owner of lands within the Development, reserves and shall have the sole right to (a) amend this Master Declaration for the purpose of curing any ambiguity or any inconsistency between the provisions contained herein; (b) include in any contract or deed or other instrument hereafter made any additional covenants and restrictions applicable to any Parcel which do not lower the standards of the covenants and restrictions herein contained; (c) release any Parcel from any part of the covenants and restrictions contained herein which have been violated if the Declarant, in its sole judgment, determines such violation to be a minor or insubstantial violation; (d) amend this Master Declaration without vote or consent of the Owners in any manner which does not adversely affect the substantive rights of an existing Owner or mortgagee; and (e) to amend this Master Declaration during the first two (2) years after same has been recorded to comply with the request of any mortgagee referred to in Section 9 of Article VI. The foregoing amendments may be made without the joinder or approval of any Owner, mortgagee, or the Association, provided that no amendment shall be inconsistent with the requirements of any governmental body having jurisdiction of The Properties, including the permit regulations imposed by the St. John's River Water Management District. Any amendments which directly or indirectly impact operation and maintenance of the surface water management system shall require the approval of the St. John's River Water Management District. Any such amendments shall not become effective until the instrument evidencing such amendment has been filed of record.

ARTICLE XI

ADDITIONAL COVENANTS AND RESTRICTIONS

No Owner, without the prior written approval of the Declarant for so long as the Declarant owns any lands in the Development Plan, and thereafter without the prior written approval of the Board of Directors of the Association, may impose any additional covenants or restrictions on any part of The Properties.

ARTICLE XII

AMENDMENT

Except as to provisions relating to amendments set forth herein regarding certain specific items and the method of amending or altering same, any other provisions, covenants, or restrictions set forth herein may be amended in accordance with this provision. The holders of at least two-thirds (2/3) of the votes in the Association, without regard to class, may change or amend any provision hereof (1) by executing a written instrument in recordable form setting forth such amendment, or (2) by causing a certified copy of a duly adopted resolution of the Owners to be prepared, and having the same duly recorded in the Public Records of Alachua County, Florida, provided that no amendment shall be inconsistent with the requirements of any governmental body having jurisdiction of The Properties, including the permit regulations imposed by the St. John's River Water Management District; and any amendments which directly or indirectly impact operation and maintenance of the surface water management system shall require the approval of the St. John's River Water Management District. Any such amendments shall not become effective until the instrument evidencing such amendment has been filed of record. Every purchaser or subsequent grantee of any interest in the subdivision, by acceptance of a deed or other conveyance, therefore, thereby agrees that the restrictions may be amended as provided herein. A proposed amendment may be initiated by the Declarant, the

Association, or by petition signed by fifteen percent (15%) of the Owners. If a proposed amendment is to be adopted by vote, a written copy of the proposed amendment shall be furnished to each Owner at least thirty (30) days but not more than ninety (90) days prior to the meeting to discuss the proposed amendment. If adopted by vote, the affirmative vote required for adoption shall be two thirds (2/3) of the votes of the Owners, without regard to class. Owners not present in person or by proxy at the meeting considering the amendment may express their approval or disapproval in writing, providing such approval or disapproval is delivered to a member of the Board of Directors at or prior to the meeting. The recorded certificate shall contain a recitation that notice was given as above set forth and said recitation shall be conclusive as to all parties, and all parties of any nature whatsoever shall have full right to rely upon said recitation in such recorded certificate. The amendment shall be effective upon recordation of the executed amendment or the certified copy of the duly adopted resolution among the Public Records of Alachua County.

So long as the Declarant shall own any lands which are subject to potential annexation, no Declarant related amendment shall be made to this Master Declaration, any Supplemental Declaration, or to the Articles or Bylaws of the Association unless such amendment is first approved in writing by the Declarant. Any amendment shall be deemed to be Declarant related if it does any of the following:

- a. Directly or indirectly by its provisions or in practical application relates to the Declarant in a manner different from the manner in which it relates to other Owners.
- b. Modifies the definitions provided for by Article I of this Master Declaration in a manner which alters the Declarant's rights or status.
- c. Modifies or repeals any provision of Article II of this Master Declaration.
- d. Alters the character and rights of membership as provided for by Article III of this Declaration or affects or modifies in any manner whatsoever the rights of Declarant as a Member of the Association.
- e. Alters any previously recorded or written agreement with any public or quasi-public agencies, utility company, political subdivisions, public authorities or other similar agencies or bodies, respecting zoning, streets, roads, drives, easements or facilities.
- f. Denies the right of the Declarant to convey to the Association Common Property.
- g. Modifies the basis or manner of assessment as applicable to the Declarant or any lands owned by the Declarant.
- h. Alters or repeals any of the Declarant's rights or any provision applicable to the Declarant's rights as provided for by any provision of this Master Declaration or any Supplemental Declaration.

ARTICLE XIV

COVENANTS COMMITTEE

Section 1. Committee. The Board of Directors shall appoint a Covenants Committee consisting of at least three (3) and no more than seven (7) members. Nothing herein shall prohibit a Member from serving on both the ARB and the Covenants Committee. Acting in accordance with the provisions of this Master Declaration, the Bylaws, and any resolutions the Board may adopt, the Covenants Committee shall be the hearing tribunal of the Association relative to alleged infractions of the covenants, rules and regulations of the Association.

Section 2. Hearing Procedure. The Board shall not impose a fine, suspend voting, or infringe upon any other rights of a Member or other occupant for violations of rules and regulations unless and until the following procedure is followed:

a. **Demand.** Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and

(iii) a time period which, except in emergency situations which shall include but not be limited to noise pollution, shall be not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

b. **Notices.** At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board or its delegate shall serve the violator with written notice of a hearing to be held by the Covenants Committee in executive session. The notice shall contain:

- (i) the nature of the alleged violation;
- (ii) the time and place of the hearing, which time shall not be less than ten (1) days

from the giving of the notice;

- (iii) an invitation to attend the hearing and produce any statement, evidence, and

witness on his behalf; and

- (iv) the proposed sanction to be imposed.

c. **Hearing.** The hearing shall be held in executive session pursuant to this notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice, and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

d. **Appeal.** Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right a written notice must be received by the manager, President, or Secretary of the Association within ten (10) days after the hearing date.

e. **Fines.** The Covenants Committee may impose special assessments against Parcel owned by the Owner as follows:

- (i) First non-compliance or violation: a fine not in excess of One Hundred Dollars (\$100.00).
- (ii) Second non-compliance or violation: a fine not in excess of Five Hundred Dollars (\$500.00).

(iii) Third and subsequent non-compliance or violation or violations which are of a continuing nature: a fine not in excess of One Thousand Dollars (\$1,000.00).

Fines shall be paid not later than thirty (30) days after notice of the imposition or assessment of the penalties. Fines shall be treated as an assessment subject to the provisions for the collection of assessments. All monies received from fines shall be allocated as directed by the Board of Directors. These fines shall not be construed to be exclusive, and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled.

ARTICLE XV

DURATION AND TERMINATION

The covenants and restrictions of this Master Declaration and of each Supplemental Declaration incorporating Additional Properties shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant, the Association and any Owner of any land subject to this or any Supplemental Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Master Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. This Master Declaration and any Supplemental Declaration may be terminated at any time by recordation of an instrument signed by the then holders of eighty percent (80%) of the votes in the Association and all mortgagees agreeing to terminate said covenants and restrictions.

ARTICLE XVI

ENFORCEMENT

Section 1. Remedies. If any person or entity shall violate or attempt to violate any of these covenants or restrictions, it shall be lawful for the Declarant, any Owner or the Association (a) to prosecute proceedings for the recovery of damages against those so violating or attempting to violate any such covenant or restriction, or (b) to maintain a proceeding in any court of competent jurisdiction against those so violating or attempting to violate any such covenant or restriction, for the purpose of preventing, or enjoining all or any such violations or attempted violations. The remedies contained in this provisions shall be construed as cumulative of all other remedies now or hereafter provided by law or this Master Declaration. The failure of the Declarant, its successors or assigns, or the Association or an Owner, to enforce any covenant or restriction or any obligation, right, power, privilege, authority or reservation herein contained, however long continued, shall in no event be deemed a waiver of the right to enforce the same thereafter as to the same breach or violation, or as to any other breach or violation thereof occurring prior to or subsequent thereto. Should the Declarant, an Owner or the Association be required to enforce the provisions of any of these covenants or restrictions by legal action, the reasonable attorneys' fees and costs incurred, whether or not judicial proceedings are involved, including the attorneys' fees and costs incurred on appeal from judicial proceedings, shall be collectible from the violating Owner.

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

Section 3. Notices. Any notice required to be sent to any Owner or Member shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Owner on the records of the Association at the time of such mailing.

Section 4. Lessees to Comply with Declaration, Articles and Bylaws - Effect on Non-Compliance. All tenants shall be subject to the terms and conditions of this Master Declaration, the Bylaws, the Articles of Incorporation, and the rules and regulations promulgated thereunder as though such tenant were an Owner.

Each Owner agrees to cause his lessee, occupant, or persons living with such Owner or with his lessee to comply with the Master Declaration, Bylaws, Articles and the rules and regulations promulgated thereunder, and is responsible and liable for all violations and losses caused by such tenants or occupants notwithstanding the fact that such occupants of the Parcel are also fully liable for any violation of the documents and regulations.

In the event that a lessee, occupant, or person living with the lessee violates a provision of the Master Declaration, Bylaws, Articles or rules and regulations adopted pursuant thereto, the Board shall have the power to bring an action or suit against the lessee to recover sums due for damages or injunctive relief, or for any other remedy available at law or equity.

ARTICLE XVII

MISCELLANEOUS

Section 1. Number and Gender. Reference to the singular shall include reference to the plural and to the plural shall include the singular, as indicated by the context of use. Reference to any gender shall include reference to all genders.

Section 2. Severability. The invalidation of any provision of provisions of this Master Declaration shall not affect or modify any one of the other provisions which shall remain in full force and effect unless otherwise provided herein.

Section 3. Notices. Any notice provided for herein shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person as shown on the records of the Association at the time of such mailing, unless otherwise provided herein.

Section 4. Headings. The paragraph headings are for reference purposes only and shall not in any way effect the meaning, content or interpretation of this Master Declaration.

IN WITNESS WHEREOF, the Declarant has caused these presents to be executed in its name and its seal to be affixed hereto as of the day and year first above written.

Signed, sealed and delivered in the presence of:

Declarant:

Barbara M. White

Printed Name: BARBARA M. WHITE

George E. Fletcher (SEAL)

GEORGE E. FLETCHER

Lisa W. Archer

Printed Name: LISA W. ARCHER

Barbara M. White

Printed Name: BARBARA M. WHITE

Gloria W. Fletcher (SEAL)

GLORIA W. FLETCHER

Lisa W. Archer

Printed Name: LISA W. ARCHER

STATE OF FLORIDA
COUNTY OF ALACHUA

I HEREBY CERTIFY that before me, an officer duly authorized in the State and County aforesaid to take acknowledgements, personally appeared **GEORGE E. FLETCHER**, personally known to me, and he acknowledged executing the foregoing Master Declaration, and he appeared in the presence of two subscribing witnesses freely and voluntarily.

WITNESS my hand and official seal in the County and State last aforesaid on this 11 day of September, 1997.

Lisa W. Archer

Notary Public State of Florida
My Commission Expires:

STATE OF FLORIDA
COUNTY OF ALACHUA

I HEREBY CERTIFY that before me, an officer duly authorized in the State and County aforesaid to take acknowledgements, personally appeared **GLORIA W. FLETCHER**, personally known to me, and she acknowledged executing the foregoing Master Declaration, and she appeared in the presence of two subscribing witnesses freely and voluntarily.

WITNESS my hand and official seal in the County and State last aforesaid on this 11 day of September, 1997.

Lisa W. Archer

Notary Public State of Florida
My Commission Expires:

EXHIBIT

"A"

LEGAL DESCRIPTION:

A PARCEL OF LAND BEING A PORTION OF THE EAST 6.33 CHAINS OF THE WEST 26.33 CHAINS OF THE NORTH 16.15 CHAINS OF THE NORTHEAST QUARTER (1/4) OF SECTION 25, TOWNSHIP 9 SOUTH, RANGE 19 EAST, ALACHUA COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

FOR A POINT OF REFERENCE COMMENCE AT THE NORTHEAST CORNER OF SAID SECTION 25; THENCE RUN SOUTH 00 DEG. 26 MIN. 04 SEC. EAST, ALONG THE EAST LINE OF SAID SECTION, A DISTANCE OF 25.14 FEET TO THE CENTERLINE OF S.R. NO. 222 (NORTHWEST 39TH AVENUE - 100 FOOT RIGHT-OF-WAY); THENCE RUN NORTH 90 DEG. 00 MIN. 00 SEC. WEST, ALONG SAID CENTERLINE, A DISTANCE OF 900.24 FEET TO THE EAST LINE OF THE AFOREMENTIONED WEST 26.33 CHAINS OF THE NORTHEAST QUARTER (1/4) OF SAID SECTION 25; THENCE RUN SOUTH 00 DEG. 30 MIN. 58 SEC. EAST, ALONG SAID EAST LINE, A DISTANCE OF 50.00 FEET TO THE SOUTH RIGHT-OF-WAY LINE OF SAID S.R. NO. 222 AND THE POINT OF BEGINNING; THENCE RUN SOUTH 00 DEG. 11 MIN. 40 SEC. EAST, A DISTANCE OF 999.36 FEET TO THE SOUTH LINE OF THE NORTH 16.15 CHAINS OF THE NORTHEAST QUARTER (1/4) OF SAID SECTION 25; THENCE RUN SOUTH 89 DEG. 27 MIN. 14 SEC. WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 412.17 FEET TO THE WEST LINE OF THE EAST 6.33 CHAINS OF THE WEST 26.33 CHAINS OF THE NORTHEAST QUARTER (1/4) OF SAID SECTION 25; THENCE RUN NORTH 00 DEG. 30 MIN. 58 SEC. WEST, ALONG SAID WEST LINE, A DISTANCE OF 1003.32 FEET TO THE AFOREMENTIONED SOUTH RIGHT-OF-WAY LINE OF S.R. NO. 222; THENCE RUN NORTH 90 DEG. 00 MIN. 00 SEC. EAST, ALONG SAID SOUTH RIGHT-OF-WAY LINE, A DISTANCE OF 417.80 FEET TO THE POINT OF BEGINNING.
CONTAINING 9.54 ACRES, MORE OR LESS.

**ARTICLES OF INCORPORATION
OF
PALM GROVE RESIDENTS ASSOCIATION, INC.**

By these Articles of Incorporation, the undersigned Subscriber forms a corporation not for profit in accordance with Chapter 617, *Florida Statutes*, and pursuant to the following provisions ("these Articles");

ARTICLE I

NAME

The name of the corporation shall be **PALM GROVE RESIDENTS ASSOCIATION, INC.** For convenience, the corporation shall be referred to in this instrument as the "Association."

ARTICLE II

DURATION

The Association shall exist perpetually unless and until dissolved according to law. Corporate existence of the Association shall commence upon the filing of these Articles with the Florida Department of State.

ARTICLE III

DEFINITIONS

The following words shall have the definitions set forth below for purposes of these Articles:

a. **"Additional Property"** shall mean and refer to those real properties, together with any improvements thereon, other than the Phase One Property, which are made subject to the Master Declaration under the provisions of Article II hereof.

b. **"Association"** shall mean and refer to Palm Grove Residents Association, Inc., a Florida corporation not for profit, or its successors and assigns.

c. **"Common Expenses"** shall mean and refer to the actual and estimated expenses of operating the Association and meeting the costs incurred or to be incurred relative to the performance of the duties of the Association, including without limitation, the costs incurred for operation, maintenance and improvement of any Common Property, and including any reserves established by the Association, all as may be found to be necessary and appropriate by the Board of Directors of the Association pursuant to the Master Declaration, the By-Laws, and the Articles of Incorporation of the Association.

d. **"Common Property"** shall mean and refer to all real property and any improvements located thereon, and all personal property, from time to time intended to be devoted to the use and enjoyment of all

Members of the Association and maintained by the Association at Common Expense. "Common Property" includes, without limitation, any platted parcel which is part of The Properties and which is designated on the plat for ownership and maintenance by the Association.

e. **"The Declarant"** shall mean and refer to George E. Fletcher and Gloria W. Fletcher, husband and wife, their successors and assigns. No successor or assignee of the Declarant shall have any rights or obligations of the Declarant hereunder unless such rights and obligations are specifically set forth in the instrument of succession or assignment, or unless such rights pass by operation of law.

f. **"Master Declaration"** shall mean and refer to Master Declaration of Covenants, Conditions and Restrictions for Palm Grove executed on September 16, 1997, and recorded in the Public Records of Alachua County, Florida and as amended from time to time.

g. **"Member"** shall mean and refer to each Owner who is a Member of the Association, and also, to each Owner which may also be a member of said Association created pursuant to the terms of any Supplemental Declaration.

h. **"Owner"** shall mean and refer to the record holder, whether one or more persons or entities, of fee simple title to each Parcel included in The Properties (other than the Association); but, notwithstanding any applicable theory of law of mortgages, Owner shall not mean or refer to any mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure proceeding or a conveyance in lieu of foreclosure. Every Owner shall be treated for all purposes as a single Owner for each Parcel owned by it, irrespective of whether such ownership is joint, in common or tenancy by the entirety. In the event any life estate is created with respect to any Parcel in The Properties, the Owner of the life estate shall be deemed to be the Owner for purposes of this definition for so long as the life estate shall exist.

i. **"Parcel"** shall mean and refer to each Lot and/or Residential Unit from time to time subject to the terms of the Master Declaration.

j. **"Phase One Property"** shall mean and refer to the real property described on Exhibit "A" attached to the Master Declaration.

k. **"Pool and Clubhouse"** shall mean and refer to the pool and clubhouse constructed by Developer on Common Property at no cost to the Association.

l. **"The Properties"** shall mean and refer to the Phase One Property, together with such Additional Properties as may be annexed thereto, and submitted hereunder from time to time under the provisions of Article II hereof, if and when annexed.

m. **"Residential Unit"** shall mean and refer to each separately described portion of The Properties which is intended to be occupied as a single family residence or household, including without limitation each residential lot (together with the residence, if any, constructed thereon), condominium unit, zero lot line dwelling, attached and detached dwelling, patio home, townhouse and any other form of residential occupancy or ownership now existing or hereafter created. "Residential Unit" shall include in its meaning any interest in real property appurtenant to the ownership of the Residential Unit.

n. **"Supplemental Declaration"** shall mean and refer to any declaration, of covenants and restrictions executed by the Declarant, and by the owner of the affected lands if same are not owned by Declarant, which extends the provisions of this Master Declaration to Additional Property.

ARTICLE IV

PRINCIPAL OFFICE

The principal office of the Association is located at 1223 NW 14th Drive, Gainesville, Florida 32606.

ARTICLE V

REGISTERED OFFICE AND AGENT

GEORGE E. FLETCHER and **GLORIA W. FLETCHER**, whose address is 719 NE 1st Street, Gainesville, Florida 32602 is hereby appointed the initial registered agents of the Association and the registered office shall be at said address.

ARTICLE VI

PURPOSE AND POWERS OF THE ASSOCIATION

The Association shall not pay dividends and no part of any income of the Association shall be distributed to its Members, directors or officers. The Association is formed to provide for, among other things, the improvement, maintenance, preservation and architectural control of The Properties and to promote the recreation, health, safety and welfare of the Owners. The Association shall have all the powers of a nonprofit corporation organized under the laws of the State of Florida, subject only to such limitations upon the exercise of such powers as are expressly set forth in these Articles, the Bylaws, or the Master Declaration. The Association shall have the power and duty to do any and all lawful things which may be authorized, assigned, required or permitted to be done by the Master Declaration, and Supplemental Declarations, these Articles and the Bylaws, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the duties or powers of the Association for the benefit of the Owners and for the maintenance, administration and improvement of The Properties and Common Property within its jurisdiction. Unless otherwise specifically prohibited, any and all functions, duties and powers of the Association shall be fully transferable, in whole or in part, to any developer, management agent, governmental unit, public body, or similar entity. Any instrument effecting such a transfer shall specify the duration thereof and the means of revocation.

ARTICLE VII

MEMBERSHIP

Each Owner, including the Declarant, shall be a Member of the Association. Any person or entity who holds any interest merely as a security for the performance of any obligation shall not be a Member. The Association membership of each Owner shall be appurtenant to the Parcel giving rise to such membership, and shall not be transferred except upon the transfer of title to said Parcel and then only to the transferee of title thereto. Any prohibited separate transfer shall be void. Any transfer of title shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

ARTICLE VIII

VOTING RIGHTS

8.1 The Association shall have two (2) classes of voting membership:

a. **Class "A"**. Class "A" Members shall be all Owners of Residential Units, with the exception of the Declarant. Class "A" Members shall be entitled on all issues to one (1) vote for each Residential Unit in which they hold the interest required for membership.

b. **Class "B"**. The Class "B" Members shall be the Declarant and any successor of the Declarant who takes title to and to whom Declarant assigns in writing one or more of the Class "B" votes. Upon the execution of this Master Declaration, the Class "B" Members shall be entitled to 5 votes for each Residential Unit owned by a Class "B" Member, or an aggregate of 245 votes based upon 49 permitted Residential Units in the Phase One Property. Thereafter, the number of Class "B" votes shall be reduced by one (1) vote for each Class "A" vote from time to time existing in the Association. No parcel shall be entitled to votes until such time as it is annexed by Supplemental Declaration; and at such time it shall be entitled to Class "B" votes in the same manner as provided herein. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

(i) When the total outstanding Class "A" votes in the Association equal the total outstanding Class "B" votes; or

(ii) Four (4) years from the date of recording this Master Declaration, or four (4) years from the date of the last annexation of property, whichever shall occur last.

(iii) When, in its discretion, the Declarant so determines.

From and after the happening of any one of these events, the Declarant shall call a meeting as provided in the Bylaws for special meetings to advise the Association membership of the termination of Class "B" status.

The Class "B" Members shall cast on all issues their votes as they among themselves determine. It shall be permitted for the Declarant to retain and to cast all Class "B" votes.

8.2 From and after the termination of the Class "B" membership the Declarant shall have a veto power over all actions of the Association and the Board of Directors of the Association. This power shall expire when the Class "A" votes, other than those held by the Declarant, equal ninety percent (90%) of the total membership vote (regardless of class distinction) of the Association, or four (4) years after submission of the last Property subject to this Declaration, whichever occurs first.

No action authorized by the Association or the Board of Directors shall become effective, nor shall any action, policy or program be implemented, until and unless:

a. The Declarant shall have been given written notice of each meeting of the Members and of the Board of Directors by certified mail, return receipt requested or by personal delivery, at the address it has registered from time to time with the Secretary of the Association, which notice otherwise complies with the terms of the Bylaws as to regular and special meetings of the Members and Board of Directors, and which notice shall set forth with reasonable particularity the agenda to be followed at said meeting; and

b. The Declarant shall have been given the opportunity at each such meeting, if Declarant so desires, to join in, or to have its representatives or agents join in, discussion of any prospective action, policy, or

program to be implemented by the Board or the Association. The Declarant and its representatives or agents may make its concerns and suggestions known to the Members of the Association or of the Board. At such meeting the Declarant shall have, and is hereby granted, a veto power over any such action, policy or program authorized by the Board of Directors, the Association officers, or Association membership, and to be taken by said Board, the officers or agents of the Association, or any individual Member of the Association (if Association or Board approval is necessary for said Member's action). Except as set forth in subsection (c) below, the Declarant veto must be exercised by the Declarant, its representatives, or agents at or before the meeting to consider proposed action. The veto power shall not include the authority to require any affirmative action on behalf of the Board or the Association; and

c. If any action, policy or program is to be implemented by prior consent without the formality of a meeting, then the Declarant shall be provided a written notice and description of the proposed action, policy or program at least ten (10) days in advance of such implementation, and the Declarant shall have ten (10) day after receipt of such notice to exercise its veto.

8.3 Each vote in the Association must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint or multiple Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote on behalf of a particular Parcel, it shall thereafter be conclusively presumed for all purposes that he/she was, or they were, acting with the authority and consent of all other Owners thereof. In the event more than the appropriate number of votes are cast for a particular Parcel, none of said votes shall be counted and said votes shall be deemed void.

ARTICLE IX

BOARD OF DIRECTORS

The affairs of the Association shall be managed by a Board of not less than three (3), nor more than nine (9) directors who need not be Members. The initial Board shall be comprised of three (3) persons. Anything in these Articles to the contrary notwithstanding, until such time as the Declarant has conveyed to purchasers not affiliated with the Declarant all lands which are subject to potential annexation pursuant to Article H, Section 2, of the Master Declaration, or at such earlier date as may be selected by the Declarant, the Declarant shall be entitled to designate the Board of Directors of the Association. The names and addresses of persons who are to act in the capacity of director until appointment or election of their successors pursuant to these Articles are:

<u>Name</u>	<u>Address</u>
George E. Fletcher	1223 NW 14th Drive, Gainesville, FL 32606
Gloria W. Fletcher	1223 NW 14th Drive, Gainesville, FL 32606
Robert Hartley	3705 N.W. 128th Terr. Gainesville, FL 32606

Once the Declarant relinquishes its right to appoint the Board of Directors, the Members shall elect the directors for staggered terms of three (3) years each. To create the staggered terms, one post shall become vacant in one (1) year and a successor director shall be elected. The second post shall be deemed vacant at the end of the second year, and a successor director shall be elected. The third post shall be deemed vacant at the end of the third year, and a successor director shall be elected. All successor directors shall serve for terms of three (3) years each. In the event that the number of people comprising the Board of Directors is changed, such change in number shall be implemented in such a manner as to have as nearly equal in number as possible the number of directors whose terms expire in any given year.

ARTICLE X

OFFICERS

The affairs of the Association shall be administered by the officers designated in the Bylaws. The officers shall be elected by the Board of Directors at the first meeting, and they shall serve at the pleasure of the Board of Directors. The names and addresses of the officers who shall serve until their successors are designated by the Board of Directors are as follows:

<u>Office</u>	<u>Name</u>	<u>Address</u>
President	George E. Fletcher	1223 NW 14th Drive Gainesville, FL 32606

ARTICLE XI

INDEMNIFICATION

11.1 Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding whether civil, criminal, administrative or investigative, or any settlement of any proceeding, or any appeal from such proceeding to which he may be a party or in which he may become involved by reason of his being or having been a director or officer of the Association, or having served at the Association's request as a director or officer of any other corporation, whether or not he is a director or officer at the time such expenses are incurred, regardless of by whom the proceeding was brought, except in relation to matters as to which any such director or officer shall be adjudged liable for gross negligence or willful misconduct, provided that in the event of a settlement, the indemnification shall apply only when the Board of Directors of the Association approves such settlement and reimbursement as being for the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

11.2 Expenses incurred in defending a suit or proceeding whether civil, criminal, administrative or investigative may be paid by the Association in advance of the final disposition of such action, suit or proceeding if authorized by all of the non-interested directors upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not to be indemnified by the Association as authorized by these articles of Incorporation.

11.3 The Association shall have the power to purchase at its expense and maintain insurance on behalf of any person who is or was a director or officer of the Association, or is or was serving at the request of the Association as a director or officer of another association, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of these Articles.

ARTICLE XII

BYLAWS

The Bylaws of the Association shall be adopted by the Board of Directors and may be altered, amended or rescinded in the manner provided by the Bylaws.

ARTICLE XIII

ADDITIONAL PROPERTY

Additional Property may be added from time to time to The Properties in accordance with the Master Declaration. When made, the additions shall extend the jurisdiction, functions, duties and membership of the Association to such Additional Property as may be contemplated by the Master Declaration.

The Association and each Member must accept as Members the Owners of all Parcels where the instrument hereafter annexing Additional Property to the jurisdiction of the Association provides that the Owners of the Parcels located therein are intended to be Members of the Association and that the Association is intended to have jurisdiction over them.

ARTICLE XIV

AMENDMENTS

Until such time as Members own thirty percent (30%) of the Properties, the Board of Directors may amend these Articles by adopting a resolution setting forth the amendment, without any vote of the Members, certifying the amendment to the Secretary of the State of Florida, and recording the amendment in the Public Records of Alachua County, Florida. At such time as Members own thirty percent (30%) of the Properties, amendments to these Bylaws shall be proposed and adopted in the following manner:

14.1 The Board of Directors shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of Members, which may be either the annual or a special meeting.

14.2 Within the time and in the manner provided in the Bylaws for the giving of notice of meetings of Members, written notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each Member of record entitled to vote thereon. If the meeting is an annual meeting, the proposed amendment or such summary may be included in the notice of such annual meeting.

14.3 At such meeting, a vote of the Members entitled to vote thereon shall be taken on the proposed amendment. The proposed amendment shall be adopted upon receiving both the affirmative vote of a majority of the votes of Members of each class entitled to vote thereon as a class and the affirmative vote of a majority of the votes of all Members entitled to vote thereon.

14.4 Any number of amendments may be submitted to the Members and voted upon by them at one meeting.

14.5 If all of the Directors and all of the Members eligible to vote sign a written statement manifesting their intention that an amendment to these Articles be adopted, then the amendment shall thereupon be adopted as though subsections 14.1 through 14.3 had been satisfied.

14.6 The Members may amend these Articles without an act of the Directors at a meeting for which notice of the changes to be made is given.

14.7 No amendment shall make any changes in the qualifications for Members nor the voting rights of Members without approval in writing by all Members. No amendment shall be made that is in conflict with the Master Declaration. So long as the Declarant shall own any lands within The Properties, no Declarant related amendment shall be made to the Master Declaration, any Supplemental Declaration, or to the Articles or Bylaws of the Association unless such amendment is first approved in writing by the Declarant. Any amendment shall be deemed to be Declarant related if it does any of the following:

- a. Directly or indirectly by its provisions or in practical application relates to the Declarant in a manner different from the manner in which it relates to other Owners;
- b. Modifies the definitions provided for by Article I of the Master Declaration in a manner which alters the Declarant's rights or status;
- c. Modifies or repeals any provision of Article II of the Master Declaration;
- d. Alters the character and rights or membership as provided for by Article III of the Master Declaration or affects or modifies in any manner whatsoever the rights of Declarant as a Member of the Association;
- e. Alters any previously recorded or written agreement with any public or quasi-public agencies, utility company, political subdivision, public authorities or other similar agencies or bodies, respecting zoning, streets, roads, drives, easements or facilities;
- f. Denies the right of the Declarant to convey to the Association Common Property;
- g. Modifies the basis or manner of assessment as applicable to the Declarant or any lands owned by the Declarant;
- h. Alters or repeals any of the Declarant's rights or any provision applicable to the Declarant's right as provided for by any such provision of the Master Declaration or any Supplemental Declaration.

14.8 A copy of each amendment shall be certified by the Secretary of State, State of Florida, and be recorded in the Public Records of Alachua County, Florida.

ARTICLE XV

SUBSCRIBERS

The name and address of the Subscribers to these Articles of Incorporation are as follows:

<u>Name</u>	<u>Address</u>
George E. Fletcher	1223 NW 14th Drive, Gainesville, FL 32606
Gloria W. Fletcher	1223 NW 14th Drive, Gainesville, FL 32606

ARTICLE XVI

NON-STOCK CORPORATION

The Association is organized on a non-stock basis and shall not issue shares of stock evidencing membership in the Association; provided, however, that membership in the Association may be evidenced by a certificate of membership which shall contain a statement that the Association is a corporation not for profit.

ARTICLE XVI

REGULATORY COMPLIANCE

The Association in addition to the foregoing obligations, rights and duties, has been formed to comply with obligations imposed by permits, regulations, authorizations, etc. of regulatory bodies having jurisdiction over the common properties. To that end the following are made a part of these Articles of Incorporation:

16.1. The Association is organized for the purpose of management, maintenance, operation and care of real and personal property, including but without limitation, all lakes, ditches, canals, retention or detention areas, drainage, other surfacewater management works, and preservation or conservation areas, wetlands and wetland mitigation areas which have owned by the Association or the owners in common.

a. To maintain, repair, replace, operate, and care for real and personal property, including but without limitation, all lakes, ditches, canals, retention or detention areas, drainage, other surfacewater management works, and preservation or conservation areas, wetlands, and wetland mitigation area which are owned by the Association or the owners in common in a manner consistent with the permit issued by the St. Johns River Water Management District and the operation and maintenance plan.

b. To do and perform any obligations imposed upon the Association by the Declaration or by any permit or authorization from any unit of local, regional, state, or federal government and to enforce by any legal means the provisions of these Articles, the Bylaws and the Declaration.

16.2. Notwithstanding the other provisions contained in the Articles to the contrary, until Declarant or their successors in interest relinquishes that right or ceases to be the owner, agrees that it shall, prior to relinquishing control of the Association or otherwise allowing control to transfer to the Directors of the Association, shall provide at least 30 days written notice to the St. Johns River Water Management District, that all terms and conditions placed upon the developer by permits or authorizations from the St. Johns River Water Management District have been satisfied in full and that transfer is proposed to occur on a specific date.

16.3. The Bylaws will be adopted and may be amended by the Directors or members, consistent with these Articles and the Declaration. Amendments to the Articles or Bylaws which directly or indirectly impact operation and maintenance of the surfacewater management system, including but without limitation, all lakes, ditches, canals, retention or detention areas, drainage, other surfacewater management works, and preservation or conservation areas, wetlands and wetland mitigation areas which are owned by the Association or the owners in common, may be made after approval by the St. Johns River Water Management District. Such approval shall be in the form of a modification to any and all permits issued by the St. Johns River Water Management District under the lawfully adopted rules of the St. Johns River Water Management District in effect at the time of application for such modification. Amendments to the Articles or the Bylaws which do not impact operation or maintenance of the system may be made without authorization of the St. Johns River Water Management District; however, copies of any such amendments shall be forwarded to the District within 30 days of approval.

16.4. Prior to dissolution of this Association, all property, interest n property, whether real, personal, or mixed, which is directly or indirectly related to the surfacewater management system . including but without limitation, all lakes, ditches, canals, retention or detention areas, drainage, other surfacewater management works, and preservation or conservation areas, wetlands, and wetland mitigation areas which are owned by the Association or the owners in common, will be dedicated and accepted for maintenance by the appropriate unit of government or otherwise transferred to and accepted for maintenance by another approved entity. Dedication or approval must be authorized by the St. Johns River Water Management District, through modification of any and all permits or authorizations issued by the St. Johns River Water Management District. Such modifications shall be made under the lawfully adopted rules of the St. Johns River Water Management District in effect at the time of application for such modification.

IN WITNESS WHEREOF, the undersigned Subscribers have caused these presents to be executed as of the 17 day of September, 1997.

Signed, sealed and delivered
in the presence of:

[Signature]
Printed Name: George E. Fletcher

GEORGE E. FLETCHER

[Signature]
Printed Name: Gloria W. Fletcher

GLORIA W. FLETCHER

[Signature]
Printed Name: [Name]

[Signature]
Printed Name: [Name]

STATE OF FLORIDA
COUNTY OF ALACHUA

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **GEORGE E. FLETCHER** and **GLORIA W. FLETCHER**, to me known to be the Subscribers described in the foregoing Articles of Incorporation, and they acknowledged and swore to the execution of the said Articles of Incorporation for the purposes therein expressed.

WITNESS my hand and official seal in the County and State last aforesaid on this 17 day of September, 1997.



[Signature]
Notary Public State of Florida
My Commission Expires: [Date]

ACCEPTANCE OF REGISTERED AGENT

THE UNDERSIGNED having been named herein to act as Registered Agents for said corporation, herein accept and agree to act in this capacity.

[Signature]
GEORGE E. FLETCHER

[Signature]
GLORIA W. FLETCHER

BYLAWS
of
PALM GROVE RESIDENTS ASSOCIATION, INC.

1. **Definitions.** When used in these Bylaws, the terms defined in Article III of the Articles of Incorporation of Palm Grove Residents Association, Inc. ("the Articles") shall have the same meanings as in the Articles.

2. **Identity.** These are the Bylaws of Palm Grove Residents Association, Inc., a corporation not for profit organized pursuant to Chapter 617, Florida Statutes (the "Association").

2.1. **Office.** The office of the Association shall be located at 1223 N.W. 14th Drive, Gainesville, Florida 32606, or at such other place as may be designated from time to time by the Board of Directors.

2.2. **Fiscal Year.** The fiscal year of the Association shall be the calendar year.

2.3. **Seal.** The seal of the Association shall bear the name of the corporation, the word, "Florida", and the year of incorporation.

3. **Members.**

3.1. **Qualification.** The Members of the Association shall consist of every Owner, including the Declarant, and in the case of multiple Owners, every group of record owners, of Parcels or Residential Units in the Properties. The foregoing is not intended to include persons or entities who hold an interest merely as security for performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of the Parcel or Residential Unit. Multiple Owners shall be subject to the provisions of the Master Declaration relative to "Multiple Owners."

3.2. **Change of Membership.** Change of membership in the Association shall be established by recording in the Public Records of Alachua County, Florida, a deed or other instrument establishing record title to a Parcel or Residential Unit under the jurisdiction of the Association. The Owner designated as grantee by such instrument thus becomes a Member of the Association and the membership of the prior Owner is terminated. The new Owner shall notify the Association of such property transfer and furnish the Association a copy of the recorded deed, the new Owner's address, and the Owner's local agent, if any, in the event the Owner is located outside the State of Florida. Any notice requirements set out in these Bylaws and in the Articles shall be deemed to be complied with if notice to an Owner is directed to the address of said Owner as then reflected in the Association's records.

3.3. **Voting Rights.** Voting rights of each Member of the Association shall be as set forth in the Master Declaration and the Articles, and the manner of exercising such voting rights shall be as set forth in these Bylaws.

3.4. **Designation of Voting Representative.** If a Parcel or Residential Unit is owned by one person or entity, its rights to vote shall be established by the record title to the Parcel or Residential Unit. If a Parcel or Residential Unit is owned by more than one person or entity, the person entitled to cast the votes for the Parcel or Residential Unit shall be designated by a certificate signed by all of the record Owners of the Parcel or Residential Unit and filed with the Secretary of the Association. If a Parcel or Residential Unit is owned by a general or limited partnership, the person entitled to cast the votes for the Parcel or Residential Unit shall be designated by a certificate of appointment signed by one of the general partners and filed with the Secretary of the Association. If a Parcel or Residential Unit is owned by a corporation, the person entitled to cast the votes for the Parcel or Residential Unit shall

be designated by a certificate of appointment signed by the President or Vice President of the corporation and filed with the Secretary of the Association. If a Parcel or Residential Unit is owned in trust, the person entitled to vote for the Parcel or Residential Unit shall be designated by a certificate of appointment signed by the trustee of record for the trust and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Parcel or Residential Unit concerned. A certificate designating the person entitled to cast the votes of a Parcel or Residential Unit may be revoked in writing by any Owner thereof. Provided, however, that no Parcel or Residential Unit shall vote in excess of the voting rights allocated to that Parcel or Residential Unit pursuant to the Master Declaration.

3.5 Approval or Disapproval of Matters. Whenever the decision of an Owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the votes of such Owner if at an Association meeting, unless the joinder of record Owners is specifically required by the Master Declaration, the Articles, or by these Bylaws.

3.6 Restraint Upon Assignment of Shares in Assets. The share of a Member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to that Owner's Parcel or Residential Unit.

4. Members' Meetings.

4.1 Annual Members' Meetings. The annual Members' meeting shall be held at the office of the Association at 7:00 p.m. on the second Monday of January of each year for the purpose of appointing directors and of transacting any other business authorized to be transacted by the members; provided, however, if that day is a legal or religious holiday, the meeting shall be held at the same hour on the next day which is not a legal or religious holiday. Provided, the Board of Directors shall have the discretion to hold the annual meeting at any other time during the month of January which they may deem to be more convenient to the Members of the Association.

4.2 Special Members' Meetings. Special meetings of the Members may be called by any one of the following persons or groups:

- (a) The Board of Directors; or
- (b) The holders of not less than fifteen percent (15%) of all of the votes entitled to be voted at the meeting.

4.3 Notice of All Meetings of Members. Written notice stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered to each Member entitled to vote at such meeting not less than ten (10) or more than sixty (60) days before the date of the meeting, either personally or by first-class mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting.

4.4 Quorum. A quorum at Members' meetings shall consist of a majority of all votes in the Association, whether represented in person or by proxy. If a quorum is present, the affirmative vote of a majority of votes represented at a meeting and entitled to vote on the subject matter shall constitute the acts of the Members, except when approval by a greater number of Members is required by the Master Declaration, these Bylaws or the Articles. When a specified item of business is required to be voted upon by a particular class of Members, a majority of the votes of such class of Members shall constitute a quorum for the transaction of such item of business by that class. After a quorum has been established at a Members' meeting, the subsequent withdrawal of Members so as to reduce the number of votes at the meeting below the number required for a quorum shall not affect the validity of any action taken at the meeting or any adjournment thereof.

4.5 Proxies. Every Member entitled to vote at a meeting of members or to express consent or dissent without a meeting, or his duly authorized attorney-in-fact, may authorize another person or persons to act for him by proxy. Every proxy must be signed by the Member or his attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the member executing it and shall expire upon the transfer of title to the Parcel or Residential Unit giving rise to the voting rights to which the proxy pertains. The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the Member who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by the Association officer responsible for maintaining the list of Members.

4.6 Adjourned Meetings. When a meeting is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and any business may be transacted at the adjourned meeting that might have been transacted on the original date of the meeting. If, however, after the adjournment the Board fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given in compliance with these Bylaws to each Member on the new record date entitled to vote at such meeting.

4.7 Order of Business. The order of business at annual Members' meetings, and as far as practical at all other Members' meetings, shall be:

- a. Calling of the roll and certifying of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading and disposal of any unapproved minutes.
- d. Reports of officers.
- e. Reports of Committees.
- f. Appointment of directors.
- g. Appointment of Nominating Committee.
- h. Unfinished business.
- i. New business.
- j. Adjournment.

4.8 Minutes of Meetings. The Association shall maintain minutes of each meeting of the membership and of the Board of Directors in a businesslike manner. The minutes shall be kept in a book available for inspection by members or their authorized representatives at any reasonable time. The Association shall retain these minutes for a period of not less than three (3) years.

5. Board of Directors:

5.1 Number. The affairs of the Association shall be managed by a Board of not less than three (3) nor more than nine (9) directors. The initial Board shall be comprised of three (3) directors. The number of directors may be increased from time to time by amendment to the Articles to a maximum of nine (9) directors. In the event that the number of directors is changed, such change in number shall be implemented in such a manner as to have as nearly equal in number as possible the number of directors whose terms expire in any given year. Anything in these Bylaws to the contrary notwithstanding, until such time as Declarant has conveyed to purchasers all lands subject to the Master Declaration, or at such earlier date as may be selected by the Declarant, the Declarant shall be entitled to designate the Board of Directors of the Association.

5.2 Term of Office. Once the Declarant has relinquished the power to designate the Board of Directors, the Members shall elect the directors for staggered terms of three (3) years each, as provided in the Articles. Each director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified or until his earlier resignation, removal from office or death.

5.3 Removal. Except for the Declarant-appointed directors who may only be removed by the Declarant, any director may be removed from the Board, with or without cause, by a majority vote of the Members of each class. In the event of the death, resignation, or removal of a director, his successor shall be selected by the remaining directors and shall serve for the unexpired term of his predecessor, except in the case of a Declarant-appointed Director, in which case Declarant shall appoint the successor.

5.4 Directors' Fees. Directors shall serve without compensation or fees; provided, however, nothing herein shall be deemed to prevent reimbursement of out-of-pocket expenses approved by the Board and incurred on behalf of the Association.

5.5 Election. Except for Declarant-appointed directors, election to the Board of Directors shall be by written ballot as hereinafter provided. At such election, the Members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles. The names receiving the largest number of votes, (without regard to class) for each vacancy shall be elected.

5.6 Nominations. Nominations for election to the Board of Directors shall be made by a Nominating Committee which shall be one of the standing committees of the Association.

5.7 Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a director, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting.

5.8 Duties of Nominating Committee. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or officers, directors or agents of the Declarant, as the Committee in its discretion shall determine. Separate nominations shall be made for each vacancy to be filled. Nominations shall be placed on a written ballot as provided in Section 5.9 and shall be made in advance of the time fixed in Section 5.9 for the mailing of such ballots to Members.

5.9 Ballots. All elections to the Board of Directors shall be made on written ballot which shall (a) describe the vacancies to be filled; (b) set forth the names of those nominated by the Nominating Committee for each such vacancy; and (c) contain a space for a write-in vote by the Members for each vacancy. Such ballots shall be prepared and mailed by the Secretary to the Members at least fourteen (14) days in advance of the date set forth therein for a return (which shall be a date not later than the day before the meeting at which the vote is to be taken).

5.10 Number of Ballots. Each Member shall receive as many ballots as it has votes. Notwithstanding that a Member may be entitled to several votes, it shall exercise on any one ballot only one vote for each vacancy shown thereon. The completed ballots shall be returned as follows: Each ballot shall be placed in a sealed envelope marked "Ballot" but not marked in any other way. Each such "Ballot" envelope shall contain only one ballot, and the Members shall be advised that, because of the verification procedures of Section 5.11, the inclusion of more than one ballot in any one "Ballot" envelope shall disqualify the return. Such "Ballot" envelope, or envelopes (if the Member or his proxy is exercising more than one vote), shall be placed in another sealed envelope which shall bear on its face the name and signature of the Member or his proxy, the number of ballots being returned, and such other information as the Board of Directors may determine will serve to establish his right to cast the vote or votes presented in the "Ballot" or "Ballots" contained therein. The ballots shall be returned to the Secretary at the address of the Association.

5.11 Election Committee; Counting of Ballots. Upon receipt of each return, the Secretary shall immediately place it in a safe or other locked place until the day set for the meeting at which the elections are to be held. On that day, the unopened external envelopes containing the "Ballot" envelopes shall be turned over to an

Election Committee which shall consist of three (3) Members appointed by the Board of Directors. The Election Committee shall then:

- a. Establish that external envelopes were not previously opened or tampered with in any way; and
- b. Open the external envelopes to establish that the number of envelopes therein marked "Ballot" corresponds to the number of votes allowed to the Member or his proxy identified on the external envelope; and
- c. Confirm that the signature of the Member or his proxy on the outside envelope appears genuine; and
- d. If the vote is by proxy, determine that a proxy has been filed with the Secretary.

Such procedure shall be taken in such manner that the vote of any Member or his proxy shall not be disclosed to anyone, even the Election Committee.

The opened external envelopes shall thereupon be placed in a safe or other locked place and the Election Committee shall proceed to the opening of the "Ballot" envelopes and the counting of the votes. If any "Ballot" envelope is found to contain more than one ballot, all such ballots shall be disqualified and shall not be counted. Ballots shall be retained for such period of time after the election as shall be deemed prudent by the Board of Directors.

6. Meetings of Directors.

6.1 Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice at such place and hour as may be fixed from time to time by resolution of the Board. If the day for such regular meeting is a legal holiday, then the meeting shall be held at the same time on the next day that is not a legal holiday. Notice of such regular meeting is hereby dispensed with. Regular meetings of the Board of Directors shall be open to the Members.

6.2 Special Meetings. Special meetings of the Directors may be called by the Chairman of the Board, by the President of the Association, or by any two (2) directors. No less than two (2) days' notice of the special meeting shall be given to each director personally or by first class mail, telegram, or cablegram, which notice shall state the time, place and purpose of the meeting.

6.3 Action Taken Without a Meeting. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and, if either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to the holdings of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Associations' records and made a part of the minutes of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

6.4 Defects in Notice, etc. Waived by Attendance. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a director states, at the beginning of the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened. Directors may participate in a meeting of such Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in persons at a meeting.

6.5 Quorum. A quorum at directors' meeting shall consist of a majority of all votes of the entire Board of Directors. The acts approved by a majority of those votes represented at a meeting at which a quorum is present shall constitute the act of the Board of Directors, except where approval by a greater number of directors is required by the Master Declaration, a Supplemental Declaration, the Articles, or these Bylaws.

6.6 Adjourned Meetings. A majority of the directors present whether or not a quorum exists, may adjourn any meeting of the Board of Directors to another time and place. Notice of any such adjourned meeting shall be given to the directors who were not present at the time of the adjournment and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other directors.

6.7 Action by Directors Without a Meeting. Any action required to be taken at a meeting of the directors or a committee thereof, may be taken without a meeting if a consent in writing setting forth the action so to be taken signed by all of the directors or all the members of the committee, as the case may be, is filed in the minutes of the proceedings of the Board or of the committee. Such consent shall have the same effect as a unanimous vote.

6.8 Presiding Officer. The presiding officer of directors' meetings shall be the President. In the absence of the President, the Vice President shall preside, and in the absence of both, the directors present shall designate one of their number to preside.

6.9 Powers and Duties of Board of Directors. All of the powers and duties of the Association existing under Chapter 617, Florida Statutes, the Master Declaration, a Supplemental Declaration, the Articles, and these Bylaws, shall be exercised by the Board of Directors, subject only to approval by Members when such is specifically required.

7. Officers.

7.1 Officers and Election. The executive officers of the Association shall be a President, who shall be selected from the Board of Directors, a Vice-President, who also shall be selected from the Board of Directors, a Treasurer, and a Secretary, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by vote of the directors at any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find necessary or convenient to manage properly the affairs of the Association.

7.2 President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of President of an association, including but not limited to the power to appoint committees from among the Members from time to time as he may in his discretion determine appropriate to assist in the conduct of the affairs of the Association. He shall serve as chairman of all Board and Members' meetings.

7.3 Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.

7.4 Secretary. The Secretary shall keep the minutes of all proceedings of the directors and the Members. he shall attend to the giving and serving of all notices to the Members and directors and other notices required by law. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an Association and as may be required by the directors or the President. The duties of the Secretary may be fulfilled by a manager employed by the Association.

7.5 **Treasurer.** The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices and provide for collection of assessments; and he shall perform all other duties incident to the office of Treasurer. The Duties of the Treasurer may be fulfilled by a manager employed by the Association.

7.6 **Compensation.** The compensation, if any, of the officers shall be fixed by the Board of Directors.

8. **Books and Records.** The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Master Declaration, any Supplemental Declaration, the Articles and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

9. **Fiscal Management.** The provisions for fiscal management of the Association set forth in the Master Declaration shall be supplemented by the following provisions:

9.1 **Accounts.** The receipts and expenditures of the Association shall be credited and charged to accounts under the following classifications and any other classifications as shall be appropriate, when authorized and approved by the Board of Directors. The receipts shall be entered by their amounts and by accounts and receipt classifications. Expenses shall be entered by their amounts and by accounts and expense classifications.

a. **Current Expense.** The current expense account shall include all receipts and expenditures to be made within the year for which the expenses are budgeted and may include a reasonable allowance for contingencies and working funds. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expense for the succeeding year or to fund reserves. This may include, but not be limited to, in any order:

- (1) Professional, administration and management fees and expenses;
- (2) Taxes on Common Property;
- (3) Expense for utility services and maintenance expense relating to the Common Property;
- (4) Insurance costs;
- (5) Administrative and salary expenses;
- (6) Operating capital; and
- (7) Other expenses.

b. **Reserve for Deferred Maintenance.** If required by the Board of Directors, there shall be established a reserve account for deferred maintenance which shall include funds for major maintenance items which are the obligation of the Association and which occur less frequently than annually.

c. **Reserve for Replacement.** If required by the Board of Directors, there shall be established a reserve account for replacement which shall include funds for repairs or replacements which the Association is obligated to make resulting from damage, depreciation or obsolescence.

9.2 **Budget.** The Board of Directors shall adopt an operating budget for the Property in advance for each calendar year which shall include the estimated funds required to defray the current expenses and shall provide funds for the foregoing reserves.

9.3 **Depository.** The depository of the Association will be such banks in Alachua County, Florida, as shall be designated from time to time by the directors. The withdrawal of monies from such accounts shall be only by checks signed by such persons as authorized by the directors; provided, however, that the provisions of a

management agreement between the Association and a manager relative to the subject matter of this section shall supersede the provisions hereof.

10. Parliamentary Rules. Roberts' Rules of Order (late edition) shall govern the conduct of Association meetings, when not in conflict with these Bylaws.

11. Regulatory Compliance. The Association shall comply with any obligations imposed by the permit issued by the St. Johns River Water Management District and the operation and maintenance plan attached thereto, or by any permit or authorization from any unit of local, regional, state, or federal government with regards to maintaining, repairing, replacing, operating and caring for real and personal property, including but without limitation to all lakes, ditches, canals, retention or detention areas, drainage, other surfacewater management works, and preservation or conservation areas, wetlands, and wetland mitigation areas which are owned by the Association. Notwithstanding anything contained herein to the contrary, any amendments to these bylaws which directly or indirectly impact operation and maintenance of the surfacewater management system, including but without limitation, all lakes, ditches, canals, retention or detention areas, drainage, other surfacewater management works, and preservation or conservation areas, wetlands and wetland mitigation areas which are owned by the Association or the owners in common, may be made after approval by the St. Johns River Management District. Such approval shall be in the form of a modification to any and all permits issued by St. Johns River Water Management District under the lawfully adopted rules of the St. Johns River Water Management District in effect at the time of application for such modification. Amendment to the articles or the bylaws which does not impact operation or maintenance of the system may be made without authorization of the St. Johns River Water Management District; however, copies of any such amendments shall be forwarded to the District within 30 days of approval.

12. Amendment. Until such time as Members own thirty percent (30%) of the Properties, the Board of Directors may amend these Bylaws by adopting a resolution setting forth the amendment, without any vote of the Members, and recording the amendment in the Public Records of Alachua County, Florida. At such time as Members own thirty percent (30%) of the Properties, amendments to these Bylaws shall be proposed and adopted in the following manner:

12.1 Resolution. The Board of Directors shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of Members, which may be either the annual or a special meeting.

12.2 Notice. Within the time and in the manner provided in these Bylaws for the giving of notice of meetings of Members, written notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each Member of record entitled to vote thereon. If the meeting is an annual meeting, the proposed amendment or such summary may be included in the notice of such annual meeting.

12.3 Vote. At such meeting, a vote of the Members entitled to vote thereon shall be taken on the proposed amendment. The proposed amendment shall be adopted upon receiving both the affirmative vote of a majority of the votes of Members of each class entitled to vote thereon as a class and the affirmative vote of a majority of the votes of all Members entitled to vote thereon.

So long as the Declarant shall own any lands within The Properties no Declarant related amendment shall be made to the Master Declaration, any Supplemental Declaration or to the Articles or the Bylaws of the Association unless such amendment is first approved in writing by the Declarant. Any amendment shall be deemed to be Declarant related if it does any of the following:

(i) Directly or indirectly by its provisions or in practical application relates to the Declarant in a manner different from the manner in which it relates to other owners.

(ii) Modifies the definitions provided for by Article I of the Master Declaration in a manner which alters the Declarant's rights or status.

(iii) Modifies or repeals any provision of Article II of the Master Declaration.

(iv) Alters the character and rights of membership as provided for by Article III of the Master Declaration or affects or modifies in any manner whatsoever the rights of Declarant as a Member of the Association.

(v) Alters any previously recorded or written agreement with any public or quasi-public agencies, utility company, political subdivision, public authorities or other similar agencies or bodies, respecting zoning, streets, roads, drives, easements or facilities.

(vi) Denies the right of the Declarant to convey Association Common Property.

(vii) Modifies the basis or manner of assessment as applicable to the Declarant or any lands owned by the Declarant.

12.4 Multiple Amendments. Any number of amendments may be submitted to the Members and voted upon by them at one meeting.

12.5 Agreement. If all of the directors and all of the Members eligible to vote sign a written statement manifesting their intention that an amendment to these Bylaws be adopted, and the same do not violate the prohibitions of 11.3 relative to the Declarant, then the amendment shall thereby be adopted as though Subsection 11.1 through 11.3 had been satisfied.

12.6 Recording. A copy of each amendment shall be recorded in the Public Records of Alachua County, Florida, as soon as possible after adoption.

12.7 Provisions. No amendment shall make any changes in the qualifications for membership nor the voting rights of Members without approval in writing by all Members. No amendment shall be made that is in conflict with Chapter 617, Florida Statutes, or with the Master Declaration or Articles of Incorporation.

13. Pronouns. Whenever the context permits, the singular shall include the plural and one gender shall include all.

The foregoing were adopted as the Bylaws of Palm Grove Residents Association, Inc., established under the laws of the State of Florida, at the first meeting of the Board of Directors on the 16th day of September, 1997.

George E. Fletcher
George E. Fletcher, President