

Candler Hills Neighborhood Association, Inc.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

RETURN TO:

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MARION COUNTY ENGINEERING DEPT.
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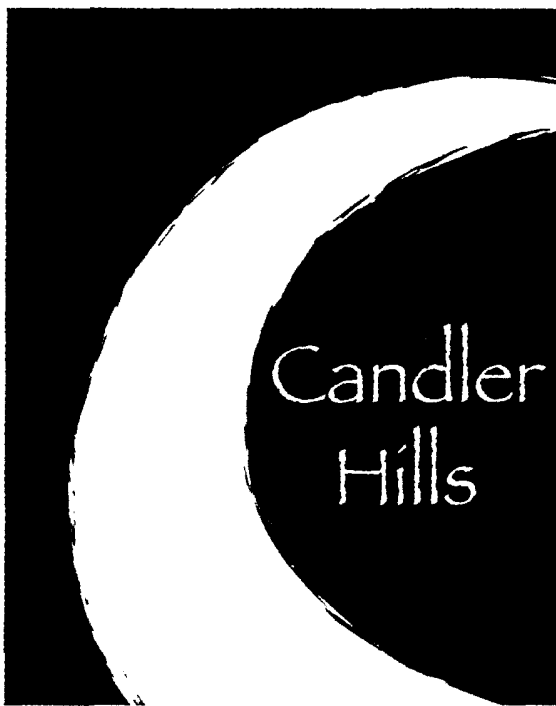
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**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR CANDLER HILLS**



This instrument prepared by:
Peter J. Fides, II, Esq.
Greenberg Traurig, P.A.
450 South Orange Avenue, 6th Floor
Orlando, FL 32801

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“A”	Articles of Incorporation of Candler Hills Neighborhood Association
“B”	Bylaws of Candler Hills Neighborhood Association
“C”	Description or Depiction of the Overall Candler Hills Property

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CANDLER HILLS**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CANDLER HILLS is made this ____ day of _____, 2004 by **ON TOP OF THE WORLD COMMUNITIES, INC.**, a Florida corporation, whose address is 8447 Southwest 99th Street Road, Ocala, Florida 34481.

RECITALS:

- A. Declarant is the owner of the Overall Candler Hills Property.
- B. Declarant desires to provide for the overall development, administration, maintenance and preservation of Candler Hills as a multi-phase, master-planned residential neighborhood.
- C. Declarant has caused the incorporation of Candler Hills Neighborhood Association, Inc., a Florida corporation not for profit, to operate and maintain various areas and improvements, to administer and enforce the Governing Documents, and to collect and disburse the Assessments imposed pursuant to this Declaration.
- D. Candler Hills is also subject to the Master Declaration.
- E. Candler Hills is also subject to the jurisdiction of Circle Square Ranch Master Association, Inc., a Florida corporation not for profit, or its successors and assigns.

DECLARATIONS:

NOW, THEREFORE, Declarant, for itself and its successors and assigns, declares that, Candler Hills is and shall be acquired, owned, improved, used, occupied, leased, mortgaged, transferred, sold and conveyed subject to all of the reservations, covenants, conditions, restrictions, easements, charges and liens set forth in the Governing Documents.

**ARTICLE I
DEFINITIONS**

Unless the context shall prohibit, wherever the following words and phrases are used in this Declaration they shall have the meanings set forth below:

Section 1. Additional Property. "Additional Property" shall mean and refer to the real property within or in the vicinity of the Overall Candler Hills Property, together with any improvements thereon, if, as and when such real property is made subject to this Declaration by Declarant pursuant to the provisions of Article II of this Declaration.

Section 2. Affiliate. "Affiliate" shall mean and refer to any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or other legally-recognized entity controlling, controlled by or under common control with Declarant, any holder of any voting interest in Declarant (and any person related to any such holder), and any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or other legally-recognized entity in which Declarant or any holder of any voting interest in Declarant (or any person related to any such holder) has an ownership interest. "Affiliate" includes but it is not limited to the Management Company and the Community Amenities Provider.

Section 3. Annual Assessment. "Annual Assessment" shall mean and refer to each Assessment levied and collected on an annual basis by Candler Hills Neighborhood Association for the purpose of funding the operating budget of Candler Hills Neighborhood Association.

Section 4. Area of Common Responsibility. "Area of Common Responsibility" shall mean and refer to any services, lands or facilities (other than Neighborhood Common Property and Neighborhood Limited Common Property) provided, operated, maintained and/or improved by Candler Hills Neighborhood Association at Neighborhood Common Expense. An Area of Common Responsibility shall be designated by one of the following methods: (a) a specific designation of an Area of Common Responsibility by this Declaration, any Supplemental Declaration, or any plat of Candler Hills; (b) a contract entered into with a third party by Candler Hills Neighborhood Association; or (c) a decision of the Board. With the consent of Declarant and a CDD, an Area of Common Responsibility may be delegated to the consenting CDD.

Section 5. Articles. "Articles" shall mean and refer to the Articles of Incorporation of Candler Hills Neighborhood Association, a copy of which is attached as Exhibit "A" to this Declaration. The Articles may be amended as provided therein. It shall not be necessary to amend this Declaration in order to amend the Articles; provided, however, that the Articles may not be amended or interpreted so as to conflict with this Declaration. In the event of any such conflict, the provisions of this Declaration shall prevail.

Section 6. Assessment. "Assessment" shall mean and refer to each Annual Assessment, Special Assessment, Individual Assessment, Special Benefit Area Assessment and Working Capital Assessment levied by Candler Hills Neighborhood Association pursuant to this Declaration.

Section 7. Board. "Board" shall mean and refer to the Board of Directors of Candler Hills Neighborhood Association.

Section 8. Bylaws. "Bylaws" shall mean and refer to the Bylaws of Candler Hills Neighborhood Association, a copy of which is attached as Exhibit "B" to this Declaration. The Bylaws may be amended as provided therein. It shall not be necessary to amend this Declaration in order to amend the Bylaws; provided, however, that the Bylaws may not be amended or interpreted so as to conflict with this Declaration. In the event of any such conflict, the provisions of this Declaration shall prevail.

Section 9. Candler Hills. "Candler Hills" shall mean and refer to Candler Hills East Phase 1 and all Additional Property from time to time annexed to the scope and effect of this Declaration pursuant to Article II of this Declaration, but only if, as and when any such Additional Property is so annexed, and excluding any land or improvements withdrawn from this Declaration pursuant to Article II of this Declaration.

Section 10. Candler Hills ARB. "Candler Hills ARB" shall mean and refer to the Architectural Review Board of Candler Hills Neighborhood Association established for architectural control purposes pursuant to Article X of this Declaration.

Section 11. Candler Hills Community Services Fee. "Candler Hills Community Services Fee" shall mean and refer to the fees and other payments due the Community Amenities Provider and all other fees, costs and expenses paid or incurred by the Management Company under or in connection with the Candler Hills Services Agreement.

Section 12. Candler Hills Conceptual Development Plan. "Candler Hills Conceptual Development Plan" shall mean and refer to the non-binding general plan for improvement and use of the Overall Candler Hills Property, as adopted, amended or approved from time to time by Declarant.

Section 13. Candler Hills East CDD. "Candler Hills East CDD" shall mean and refer to Candler Hills East Community Development District, a community development district existing pursuant to Chapter 190, Florida Statutes.

Section 14. Candler Hills Management Agreement. "Candler Hills Management Agreement" shall mean and refer to the Candler Hills Management Agreement between Candler Hills Neighborhood Association and the Management Company, as amended from time to time.

Section 15. Candler Hills Management Fee. "Candler Hills Management Fee" shall mean and refer to the fees and other payments due the Management Company and all other fees, costs and expenses paid or incurred by Candler Hills Neighborhood Association under or in connection with the Candler Hills Management Agreement.

Section 16. Candler Hills Neighborhood Association. "Candler Hills Neighborhood Association" shall mean and refer to Candler Hills Neighborhood Association, Inc., a Florida corporation not for profit, its successors and assigns.

Section 17. Candler Hills East Phase 1. "Candler Hills East Phase 1" shall mean and refer to all of CANDLER HILLS EAST PHASE 1 UNITS "B", "C", "D", "F" AND "G", according to the Plat thereof recorded in Plat Book _____, Page _____, of the public records of Marion County, Florida (less and except the right of way for Southwest 80th Loop as shown on said plat), together with all improvements from time to time located thereon.

Section 18. Candler Hills Planning Criteria. "Candler Hills Planning Criteria" shall mean and refer to the architectural, landscape and site plan criteria published and amended from time to time by the Candler Hills ARB pursuant to Article X of this Declaration.

Section 19. Candler Hills Services Agreement. "Candler Hills Services Agreement" shall mean and refer to the Candler Hills Services Agreement between the Management Company and the Community Amenities Provider, as amended from time to time.

Section 20. Reserved.

Section 21. CDD. "CDD" shall mean and refer to any community development district now or hereafter formed pursuant to Chapter 190, Florida Statutes, including but not limited to Circle Square Woods Community Development District, Bay Laurel Center Community Development District, Candler Hills East Community Development District and Indigo East Community Development District.

Section 22. Community Amenity Property. "Community Amenity Property" shall mean and refer to the lands, together with all improvements from time to time located thereon, owned or leased by the Community Amenities Provider and utilized by the Community Amenities Provider for the purpose of providing recreational, cultural and/or educational facilities and services pursuant to the Existing Services Agreement, the Master Services Agreement or the Candler Hills Services Agreement, including but not limited to the lands and improvements comprising Tortoise and The Hare Golf Course, The Links Golf

Course and Candler Hills Golf Course, together with all improvements from time to time located thereon. NONE OF THE COMMUNITY AMENITY PROPERTY IS (OR WILL BECOME) NEIGHBORHOOD COMMON PROPERTY OR NEIGHBORHOOD LIMITED COMMON PROPERTY. THIS DECLARATION DOES NOT ENCUMBER OR BIND THE COMMUNITY AMENITY PROPERTY.

Section 23. Community Amenities Provider. "Community Amenities Provider" shall mean and refer to Sidney Colen & Associates, Ltd., a Florida limited partnership, its successors and assigns. THIS DECLARATION IS NOT BINDING UPON THE COMMUNITY AMENITIES PROVIDER.

Section 24. Community Systems. "Community Systems" shall mean any and all lines, fiber optic nodes and cables, wires, conduits, poles, towers, antennae, amplifiers and other fixtures and equipment installed within Candler Hills by Declarant or any Affiliate, nominee or licensee of Declarant pursuant to any easement or other authority granted by Declarant for the purpose of providing (a) any monitoring or alarm service, (b) any Cable System or Cable Service, Multichannel Video Programming Service (whether franchised or unfranchised), Information Service or other Telecommunications Service, as said capitalized terms are defined in the Communications Act of 1934 (47 U.S.C. §151, et seq.), as amended through the date hereof, or (c) any other form of wireline or wireless communication system or service (including but not limited to any system or service based on, containing or serving any technology not now generally available or not now known). Community Systems may include (but they are not limited to) video, voice and data, including, without limitation, open video, cable television, local and long distance telephone services and Internet.

Section 25. Declarant. "Declarant" shall mean and refer to On Top of the World Communities, Inc., a Florida corporation (formerly known as On Top of the World, Inc., a Florida corporation), and its successors and assigns. No successor or assignee of Declarant shall have any rights or obligations of Declarant under this Declaration except to the extent any such rights or obligations are specifically described in the instrument of succession, assignment or assumption, or unless such rights or obligations pass by operation of law.

Section 26. Declaration. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Candler Hills, as amended and supplemented from time to time.

Section 27. Development Order. "Development Order" shall mean and refer to the Development Order for On Top of the World-Central, a Development of Regional Impact, adopted by Marion County Board of County Commissioners on October 12, 1982, as affirmed and modified by Order of the Florida Land and Water Adjudicatory Commission issued December 5, 1983, Resolution Number 94-R-228 adopted by Marion County Board of County Commissioners on September 20, 1994, Resolution Number 96-R-144 adopted by Marion County Board of County Commissioners on June 4, 1996, and Resolution Number 2001-R-290 adopted by Marion County Board of County Commissioners on October 17, 2001, as further modified from time to time. The Development Order is available for inspection at the Marion County Board of County Commissioners Planning Department.

Section 28. District. "District" shall mean and refer to the Southwest Florida Water Management District, an agency created pursuant to Chapter 373, Florida Statutes.

Section 29. District Permit. "District Permit" shall mean and refer separately and collectively to Environmental Resource Permit Number 43001436.017 and each other permit or approval issued or granted by the District and applicable to any portion of Candler Hills, as any such permit or approval may be amended from time to time with the approval of the District. It shall not be necessary to amend this Declaration in order to amend the District Permit.

Section 30. Enforcement Expense. "Enforcement Expense" shall mean and refer to all court costs and reasonable attorney, paralegal and expert fees and disbursements, and all other costs and expenses reasonably incurred in connection with any litigation or administrative, bankruptcy or reorganization proceeding.

Section 31. Governing Documents. "Governing Documents" shall mean and refer to this Declaration, the Articles, the Bylaws, the Candler Hills Planning Criteria, and the rules and regulations promulgated and amended from time to time by the Board.

Section 32. Individual Assessment. "Individual Assessment" shall mean and refer to each special, one-time Assessment levied by Candler Hills Neighborhood Association against any Owner and that Owner's Residential Unit to cover or recover any expenses incurred or to be incurred by Candler Hills Neighborhood Association due to that Owner's failure to maintain the Residential Unit pursuant to the standards set forth in this Declaration or the Master Declaration, or to reimburse Candler Hills Neighborhood Association for any damage to any Neighborhood Common Property, Neighborhood Limited Common Property or Area of Common Responsibility caused by that Owner or that Owner's tenant, licensee or invitee, or for any other purpose permitted by this Declaration.

Section 33. Management Company. "Management Company" shall mean and refer to Parkway Maintenance & Management, Co., a Florida corporation, its successors and assigns.

Section 34. Master Association. "Master Association" shall mean and refer to Circle Square Ranch Master Association, Inc., a Florida corporation not for profit, its successors and assigns.

Section 35. Master Declaration. "Master Declaration" shall mean and refer to the Master Declaration of Covenants, Conditions and Restrictions for Circle Square Ranch dated _____, 2004, as amended and supplemented from time to time. Declarant intends to record the Master Declaration in the Marion County public records on or about the date on which this Declaration is recorded.

Section 36. Member. "Member" shall mean and refer to each member of Candler Hills Neighborhood Association as provided in Section 2 of Article III.

Section 37. Neighborhood Common Expense. "Neighborhood Common Expense" shall mean and refer to the liabilities, costs and expenses incurred by Candler Hills Neighborhood Association in the performance of its duties and the exercise of its prerogatives, including but not limited to all liabilities, costs and expenses incurred for the improvement, ownership, operation, maintenance, repair, replacement and insurance of the Neighborhood Common Property and the Areas of Common Responsibility, and any reserves established by the Board. Also, Declarant may structure an arrangement pursuant to which any payment due a CDD may be designated as a Neighborhood Common Expense.

Section 38. Neighborhood Common Property. "Neighborhood Common Property" shall mean and refer to all lands, improvements and personal property in Candler Hills designated from time to time by Declarant as Neighborhood Common Property. Declarant may designate Neighborhood Common Property by this Declaration, any plat of Candler Hills, any Supplemental Declaration or any other recorded instrument. Neighborhood Common Property shall be devoted primarily to the common use and enjoyment of all Owners of Residential Units in Candler Hills. The Neighborhood Common Property shall be owned, operated, maintained, repaired, replaced and insured by Candler Hills Neighborhood Association at Neighborhood Common Expense.

Declarant hereby designates as Neighborhood Common Property all of Tracts "A-2", "A-3", "A-4", "A-5", "A-6", "A-7", "B-6", "L-1B", "L-2", "L-3", "L-4", "L-5B", "L-11B", "L-12", "L-13", "L-14" and

"L-15B", according to the subdivision plat of Candler Hills East Phase 1 Units "B", "C", "D", "F" and "G" recorded or to be recorded in the Marion County public records.

Section 39. Neighborhood Limited Common Expense. "Neighborhood Limited Common Expense" shall mean and refer to the liabilities, costs and expenses incurred by Candler Hills Neighborhood Association in the performance of its duties and prerogatives relative to the Neighborhood Limited Common Property, including but not limited to all liabilities, costs and expenses incurred for the improvement, ownership, operation, maintenance, repair, replacement and insurance of the Neighborhood Limited Common Property, and any reserves for Neighborhood Limited Common Expense established by the Board.

Section 40. Neighborhood Limited Common Property. "Neighborhood Limited Common Property" shall mean and refer to all lands, improvements and personal property in Candler Hills designated from time to time by Declarant as Neighborhood Limited Common Property. Declarant may designate Neighborhood Limited Common Property by this Declaration, any plat of Candler Hills, any Supplemental Declaration or any other recorded instrument. Neighborhood Limited Common Property shall be devoted to the exclusive use and enjoyment of some (but not all) Owners of Residential Units in Candler Hills, as designated by Declarant. The Neighborhood Limited Common Property shall be owned, operated, maintained, repaired, replaced and insured by Candler Hills Neighborhood Association at Neighborhood Limited Common Expense of the benefited Owners. There is no Neighborhood Limited Common Property in Candler Hills East Phase 1.

Section 41. Neighborhood-Wide Standard. "Neighborhood-Wide Standard" shall mean and refer to the standard of conduct, maintenance, or other activity generally prevailing throughout Candler Hills, or the minimum standards established pursuant to the Governing Documents, whichever is the highest standard. Declarant initially shall establish the Neighborhood-Wide Standard. The Neighborhood-Wide Standard may contain objective elements, such as specific lawn or exterior house maintenance requirements, and subjective elements, such as matters subject to the discretion or approval of Declarant, the Board or the Candler Hills ARB. The Neighborhood-Wide Standard may or may not be set out in writing. The Neighborhood-Wide Standard may evolve as development progresses and as Candler Hills is expanded and matures. The Neighborhood-Wide Standard may not conflict with or establish a lower standard than the "Community-Wide Standard" (as defined in the Master Declaration).

Section 42. Overall Candler Hills Property. "Overall Candler Hills Property" shall mean and refer to the lands described or depicted on Exhibit "C" to this Declaration.

Section 43. Overall Property. "Overall Property" shall have the meaning set forth in the Master Declaration.

Section 44. Owner. "Owner" shall mean and refer to the record holder, whether one or more persons or entities, of fee simple title to any Residential Unit in Candler Hills, including but not limited to Declarant. In the case of any Residential Unit subject to a life estate, the holder of the life estate shall be deemed to be the Owner of that Unit for the term of the life estate. Owner shall not mean or refer to the holder of any mortgage or other lien to secure an indebtedness unless and until such mortgage or other lien holder has acquired title pursuant to foreclosure proceeding or a conveyance in lieu of foreclosure. All owners of each Residential Unit shall be treated for all purposes as a single Owner for that Residential Unit, irrespective of whether such ownership is joint, in common or tenancy by the entirety. Declarant shall be an Owner for so long as Declarant owns any portion of Candler Hills or any portion of the Overall Candler Hills Property that has not been subjected to a separate plan of development.

Section 45. Property Not Annexed. "Property Not Annexed" shall mean and refer to all portions of the Overall Property, and any improvements located thereon, that have not been annexed to the scope and effect of this Declaration.

Section 46. Residential Unit. "Residential Unit" shall mean and refer to each platted lot or other subdivided parcel of land in Candler Hills that is subject to separate ownership and intended as a site for a single unit of residential housing, whether attached or detached, together with any improvements thereon and any interest in real property appurtenant thereto, and also each multifamily residential housing unit (whether rental, condominium, cooperative or other form of multifamily occupancy), and any interest in real property appurtenant thereto. A Residential Unit shall be deemed created upon the recordation of the applicable deed, subdivision plat, declaration or other document by which the Residential Unit is created, and whether or not any improvements to be constructed thereon have been commenced or completed.

Section 47. Special Assessment. "Special Assessment" shall mean and refer to each special, one-time Assessment levied by Candler Hills Neighborhood Association on the Owners and the Residential Units within its jurisdiction for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any Neighborhood Common Property, Neighborhood Limited Common Property or any Area of Common Responsibility, including any fixtures and personal property, for the purpose of covering any insufficiency of Assessments to fund the actual monetary needs of Candler Hills Neighborhood Association over and above budgeted Assessments, or for any other use or purpose deemed desirable or appropriate by the Board.

Section 48. Special Benefit Area. "Special Benefit Area" shall mean and refer to any two or more Residential Units designated by Declarant or the Board for the purpose of receiving from Candler Hills Neighborhood Association special benefits or services that are not provided generally to all Residential Units in Candler Hills, or benefits or services that are provided at a different level than that which Candler Hills Neighborhood Association otherwise generally provides. All costs and expenses associated with the provision of special or expanded services or benefits to a Special Benefit Area shall be assessed by Candler Hills Neighborhood Association as a Special Benefit Area Assessment against all Residential Units in the applicable Special Benefit Area. Special Benefit Areas may be designated by any of the follow methods:

(a) In Declarant's discretion for so long as Declarant shall own any portion of Candler Hills or shall have the right to annex Additional Property to this Declaration, Declarant may assign any Residential Unit or Residential Units in Candler Hills to any existing or newly-created Special Benefit Area, or Declarant may designate or re-designate Special Benefit Area assignments or boundaries.

(b) The Board may adopt a resolution assigning any Residential Unit or Residential Units in Candler Hills to any existing or newly-created Special Benefit Area, or designating or re-designating Special Benefit Area assignments or boundaries. This subsection is subject to the limitation that, for so long as Declarant shall own any portion of the Overall Candler Hills Property or shall have the right to annex Additional Property to this Declaration, Candler Hills Neighborhood Association shall not create, eliminate or alter the boundaries of any Special Benefit Area, or assign, reassign or remove any Residential Unit or Residential Units to or from any Special Benefit Area, without the prior written consent of Declarant.

Section 49. Special Benefit Area Assessment. "Special Benefit Area Assessment" shall mean and refer to each assessment levied by the Master Association for Special Benefit Area Common Expense

Section 50. Special Benefit Area Common Expense. "Special Benefit Area Common Expense" shall mean and refer to the liabilities, costs and expenses paid or incurred by Candler Hills Neighborhood Association for special or expanded benefits or services provided by it to a Special Benefit Area.

Section 51. Supplemental Declaration. "Supplemental Declaration" shall mean and refer to each instrument executed by Declarant (and by the owner of the Additional Property described therein if that Additional Property is not owned by Declarant) that makes specific reference to this Declaration and recites that it is being entered into and recorded for the purpose of extending the scope and effect of this Declaration to Additional Property.

Section 52. Surface Water Management System Facilities. "Surface Water Management System Facilities" shall mean and refer to all land, easements and facilities that together constitute the surface water management system now or hereafter constructed and implemented on Candler Hills to control discharges caused by rainfall events, which facilities are intended to collect, convey, store, absorb, inhibit, treat, use or reuse surface water so as to prevent or reduce flooding, overdrainage, environmental degradation and water pollution, and so as to control the quality and quantity of discharges from the system, all as permitted by the District and District Permit. The Surface Water Management System Facilities shall include, but are not limited to, all inlets, ditches, swales, culverts, water control structures, retention and detention areas, ponds, lakes, floodplain compensation areas, wetlands and any associated buffer areas, and wetland mitigation areas.

Section 53. Working Capital Assessment. "Working Capital Assessment" shall mean and refer to each one-time-only contribution to the working capital of Candler Hills Neighborhood Association to be paid for each Residential Unit in Candler Hills pursuant to Article IX of this Declaration.

ARTICLE II PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Property Subject to this Declaration. Upon and after annexation of each Additional Property to the scope and effect of this Declaration by any Supplemental Declaration executed and recorded by Declarant, the Additional Property so annexed shall be owned, improved, used, occupied, leased, mortgaged, transferred, sold and conveyed subject to the reservations, covenants, conditions, restrictions, easements, charges and liens set forth in the Governing Documents. None of the Overall Candler Hills Property (other than Candler Hills East Phase 1) shall be subject to this Declaration except to the extent hereafter annexed by Supplemental Declaration. The sole purpose for referencing the Overall Candler Hills Property (other than Candler Hills East Phase 1) in this Declaration is to identify those lands and improvements that may hereafter be made subject to the scope and effect of this Declaration, and to provide for the means and effect of such annexation.

Section 2. Annexation. Declarant shall have the sole right, but not the obligation, to bring within the scope and encumbrance of this Declaration, as Additional Property, any lands and improvements within the Overall Candler Hills Property. Annexation may be accomplished without the consent of the Master Association, Candler Hills Neighborhood Association, the Members, the Owners, or any mortgage or lien holder; provided, however, that if the Additional Property to be annexed is owned by any person or entity other than Declarant, or if the Additional Property to be annexed is encumbered by any mortgage, then the consents of the owner of the Additional Property and the holder of any mortgage on the Additional Property shall also be required. Declarant reserves and shall have the right to impose additional reservations, covenants, conditions, restrictions, easements, charges and liens on each Additional Property by the Supplemental Declaration applicable to that Additional Property.

The additions authorized under this article shall be made by filing of public record a Supplemental Declaration with respect to the Additional Property which shall extend the operation and effect of this Declaration to the Additional Property. The Supplemental Declaration shall describe the real property to be annexed and shall state that it is being made pursuant to the terms of this Declaration for the purpose of annexing property to the scheme of this Declaration and extending the jurisdiction of Candler Hills Neighborhood Association to the Additional Property. Each Supplemental Declaration may also contain such terms and provisions as may be desirable to reflect the different character, if any, of the Additional Property or the various improvements, uses or development approaches being built or implemented, all of which may be significantly at variance with earlier phases of Candler Hills.

Upon the recordation of any Supplemental Declaration in the Marion County public records, the Owners shall have a right and non-exclusive easement of use and enjoyment in and to the Neighborhood Common Property within the Additional Property annexed thereby and an obligation to contribute to the Neighborhood Common Expense associated with that additional Neighborhood Common Property. Each Supplemental Declaration shall be conclusive in favor of all persons who rely thereon in good faith. From and after recordation of any Supplemental Declaration, the Additional Property described therein shall be subject to the provisions of this Declaration and to the jurisdiction of Candler Hills Neighborhood Association.

If Declarant expands Candler Hills, Candler Hills Neighborhood Association shall accept jurisdiction over the Additional Property and the Owners thereof in accordance with this Declaration and each Supplemental Declaration, and all Owners of Residential Units within the Additional Property shall be entitled to membership and voting rights in Candler Hills Neighborhood Association upon terms consistent with those granted by this Declaration to the Owners of Residential Units in Candler Hills East Phase 1.

Annexation shall occur, if at all, on or before forty (40) years from the date this Declaration is recorded in the of Marion County public records.

Section 3. Withdrawal. Any portions of Candler Hills may be withdrawn by Declarant from the encumbrance of the Governing Documents by recording a withdrawal notice in the Marion County public records. Except for Declarant, the owner of the lands and any improvements thereon to be withdrawn (if other than Declarant), the holder of any mortgage encumbering the lands and improvements to be withdrawn, and any governmental authorities whose approval is required by law, the withdrawal of any portion of Candler Hills shall not require the consent or approval of any other person or entity, such as but not limited to the Master Association, Candler Hills Neighborhood Association, any Owner or any mortgage holder.

Section 4. Non-Binding Plan of Development.

(a) **Candler Hills Conceptual Development Plan.** The Candler Hills Conceptual Development Plan is a tentative, evolving and dynamic design for development of the Overall Candler Hills Property, which design will be modified from time to time during development and sale of the Overall Candler Hills Property. The Overall Candler Hills Property may contain a broad variety of development types, products, values and uses. The latest version of the Candler Hills Conceptual Development Plan is available for inspection during normal business hours in the principal office of Declarant. Declarant hereby reserves the unrestricted right and authority to amend from time to time the Candler Hills Conceptual Development Plan with respect to all or any portion of the Overall Candler Hills Property in response to any changes in market, technological, economic, environmental, demographic, social or other conditions affecting the development, marketing, sale, occupancy or improvement of the Overall Candler Hills Property and in response to changes in the requirements of government agencies or financial institutions. No such changes by Declarant to the Candler Hills Conceptual Development Plan shall require the consent

of any other Owner, the Master Association, Candler Hills Neighborhood Association, any holder of a mortgage lien on any Residential Unit, or anyone else, nor shall it require amendment of this Declaration.

(b) **Development Order.** No Owner other than Declarant shall have the authority or standing to seek, and they shall be prohibited from seeking, directly or indirectly, to challenge, change or amend any aspect of the Development Order or other applicable development approvals and entitlements, including but not limited to any challenge, change or amendment to any amount or allocation of permitted development densities or intensities, permitted land uses, storm water drainage requirements or otherwise, without the prior written consent of Declarant for so long as Declarant shall own any portion of the Overall Property or shall have the right to annex Additional Property to the Master Declaration, which consent may be granted or denied by Declarant in its sole and absolute discretion. Because of the dynamic nature of the real estate market and of Declarant's development plans for the Overall Property, Declarant reserves and shall have the unrestricted right and authority to apply for and obtain from time to time changes and amendments to the Development Order and other applicable development approvals and entitlements without the consent of any Owner, the Master Association, Candler Hills Neighborhood Association, any mortgage holder, or anyone else, and without amendment of this Declaration.

(c) **Interpretation.** Nothing contained in the Governing Documents, the Candler Hills Conceptual Development Plan or the Development Order shall be interpreted to:

(i) affect or encumber any of the Overall Candler Hills Property (other than Candler Hills East Phase 1) before annexation by Supplemental Declaration;

(ii) require Declarant or any other person or entity to annex any property (other than Candler Hills East Phase 1) to the scope and effect of this Declaration even though such property may lie within the Overall Candler Hills Property;

(iii) prevent any Property Not Annexed from being subjected to another, independent declaration or plan of development, even though such Property Not Annexed may lie within the Overall Candler Hills Property;

(iv) bind Declarant to improve or use any portion of Candler Hills, the Overall Candler Hills Property or any other property in accordance with the Candler Hills Conceptual Development Plan or the Development Order; or

(v) require any lands annexed to Candler Hills to be annexed in whole tracts or improved, used or occupied for any particular use or in any particular manner, sequence or configuration.

ARTICLE III **CANDLER HILLS NEIGHBORHOOD ASSOCIATION**

Section 1. Power and Authority. Candler Hills Neighborhood Association shall have all the common law and statutory powers and authority of a corporation not for profit 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 Governing Documents. Candler Hills Neighborhood Association shall also have the power to do any and all lawful things which may be authorized, assigned, required or permitted to be done by the Governing Documents, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the carrying out of any of the duties or the exercise of any of the powers of Candler Hills Neighborhood Association for the benefit of the Owners of Residential Units in Candler Hills and for the maintenance, administration and improvement of Candler Hills and the Areas of Common Responsibility.

Without limiting the generality of the foregoing, Candler Hills Neighborhood Association shall have the following express powers and authority: (a) to acquire, own, operate, mortgage, encumber, convey, sell, lease and exchange property of any and all types and uses; (b) to operate and maintain the Surface Water management System Facilities (to the extent not performed by a CDD), including but not limited to all inlets, ditches, swales, culverts, water control structures, retention and detention areas, ponds, lakes, floodplain compensation areas, wetlands and any associated buffer areas, and wetland mitigation areas; (c) to promulgate and enforce rules and regulations; (d) to levy and collect Assessments against the Members and their Residential Units; (e) to sue and be sued; (f) to contract for services to provide for operation and maintenance of the Surface Water Management System Facilities (to the extent not performed by a CDD); (g) to borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its operation, and to secure the same by mortgage or pledge; and (h) to take any other action necessary or desirable to carry out any purpose for which Candler Hills Neighborhood Association has been organized.

Candler Hills Neighborhood Association may also obtain and pay for the services of any person or entity to manage any of its affairs, to perform any of its duties or to exercise any of its prerogatives, and Candler Hills Neighborhood Association may employ personnel for such purposes. In addition, Candler Hills Neighborhood Association may engage engineering, architectural, construction, legal, accounting and other consultants whose services are necessary or desirable in connection with the operation of Candler Hills Neighborhood Association and the administration and enforcement of the Governing Documents. All costs and expenses incurred for the employment of any manager, employee or consultant shall be a Common Expense, Limited Common Expense or Individual Assessment, as determined by the Board.

The foregoing is subject to the limitations and qualifications that the duties, powers and authority of Candler Hills Neighborhood Association shall be limited to Candler Hills and the Areas of Common Responsibility associated therewith, and that, in all matters, the powers and authority of Candler Hills Neighborhood Association shall be subject and subordinate to the overriding power and authority of the Master Association in matters in which the power and authority of the two associations may overlap.

Section 2. Membership. Declarant and each Owner of a Residential Unit in Candler Hills shall be Members of Candler Hills Neighborhood Association. Candler Hills Neighborhood Association membership of each Owner (other than Declarant) shall be appurtenant to and may not be separated from the Residential Unit giving rise to such membership, and shall not be transferred except upon the transfer of title to said Residential Unit, and then only to the transferee of title thereto. Any prohibited separate transfer shall be void. Any transfer of title to a Residential Unit in Candler Hills shall operate automatically to transfer the membership in Candler Hills Neighborhood Association appurtenant thereto to the new Owner of that Residential Unit. Every Owner, including Declarant, shall be treated for all purposes as the owner of a separate membership interest in Candler Hills Neighborhood Association for each Residential Unit (or potential Residential Unit in the case of Declarant) in which they hold the interest required for membership, irrespective of whether such ownership is joint, in common or as tenants by the entirety. Declarant may freely assign, hypothecate and transfer to any other person or entity any of Declarant's membership or voting interest (including but not limited to any one or more of Declarant's Class "B" Member votes or, following conversion, any one or more of Declarant's Class "A" Member votes) in Candler Hills Neighborhood Association, and any of its interest, if any, in the funds or other assets of Candler Hills Neighborhood Association by instrument recorded in the Marion County public records.

Section 3. Quorum. The holders of thirty percent (30%) of the voting interests in Candler Hills Neighborhood Association, represented in person or by proxy, shall constitute a quorum at meetings of the Members of the Candler Hills Neighborhood Association.

Section 4. Voting Rights. Candler Hills Neighborhood Association shall have two (2) classes of voting membership:

(a) **Class "A".** Class "A" Members shall be all Owners of Residential Units in Candler Hills, with the exception of the Class B Members for so long as the Class "B" Membership shall exist. Class "A" Members shall be entitled to cast one (1) vote for each Residential Unit in which they hold the interest required for membership.

(b) **Class "B".** Class "B" Members shall be Declarant and each person or entity, if any, to whom or to which Declarant may assign by instrument recorded in the Marion County public records any one or more of Declarant's Class "B" votes. Initially, Class "B" Members shall be entitled to four thousand nine hundred fifty (4,950) Class "B" votes, based on three (3) votes for each one of the three hundred five (305) Residential Units in Candler Hills East Phase 1 plus three (3) votes for each one of the additional one thousand three hundred forty five (1,345) Residential Units that Declarant presently anticipates (but does not warrant) will be developed in all development phases of the Overall Candler Hills Property (excluding Candler Hills East Phase 1). Class "B" votes shall be reduced automatically by three (3) votes for each Class "A" vote that comes into existence after date on which this Declaration is recorded in the Marion County public records, and also for each potential Residential Unit presently anticipated by Declarant to be developed in a development phase of the Overall Candler Hills Property (other than Candler Hills East Phase 1) that Declarant hereafter excludes from potential annexation to this Declaration and commits to a separate plan of development by written instrument recorded in the Marion County public records.

In addition, the Class "B" membership shall convert to Class "A" membership upon the happening of the earlier of the following:

- (i) When the total outstanding Class "A" votes in Candler Hills Neighborhood Association equals the total outstanding Class "B" votes;
- (ii) December 31, 2054; or
- (iii) When, in its discretion, Declarant so determines.

Upon the happening of any one of these events, Declarant shall advise the Members of the conversion of the Class "B" membership to Class "A" membership.

Section 5. Multiple Owners. Each vote in Candler Hills Neighborhood Association must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint or multiple Owners of any Residential Unit 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 casts a vote on behalf of a particular Residential Unit, it shall be conclusively presumed for all purposes that such Owner was acting with the authority and consent of all other Owners of that Residential Unit. In the event more than one vote is cast for any Residential Unit, none of the votes for that Residential Unit shall be counted.

Section 6. Governance. The Board and such officers as the Board may appoint shall conduct the affairs of Candler Hills Neighborhood Association in accordance with the Governing Documents. Each officer and each director must be either an Owner or an officer, director, employee or appointee of Declarant or the Management Company.

Candler Hills Neighborhood Association shall be governed by a Board consisting of three (3), five (5), seven (7), nine (9) or eleven (11), members. Initially, the Board shall consist of three (3) members,

with the number thereafter to be determined by the members of the Board; provided, however, that there shall always be an odd number of directorships created and no director's term shall be shortened by reason of a resolution reducing the number of directors. At the discretion of the Board, the terms of the directors may be staggered.

Anything in this Declaration to the contrary notwithstanding, Declarant shall be entitled to designate all members of the Board until Owners other than Declarant own ninety percent (90%) of all Residential Units ultimately to be administered by Candler Hills Neighborhood Association. Members other than Declarant will be entitled to elect at least a majority of the members of the Board within three (3) months after ninety percent (90%) of the Residential Units in all phases of the Overall Candler Hills Property that will ultimately be operated by Candler Hills Neighborhood Association have been conveyed to Owners, or at such earlier date as may be selected by Declarant. Commencing when Owners other than Declarant own ninety percent (90%) of all Residential Units ultimately to be administered by Candler Hills Neighborhood Association and continuing thereafter for so long as Declarant holds for sale in the ordinary course of business at least five percent (5%) of all Residential Units ultimately to be administered by Candler Hills Neighborhood Association, Declarant shall be entitled to designate at least one (1) member of the Board. For purposes of this paragraph, the term "Owners other than Declarant" shall not include builders, contractors, or others who purchase a Residential Unit for the purpose of constructing improvements thereon for resale. After Declarant relinquishes control of the Board, Declarant may exercise the right to vote any Declarant-owned voting interests in the same manner as any other Member, except for purposes of reacquiring control of Candler Hills Neighborhood Association or selecting the majority of the members of the Board.

Any director to be appointed to fill a vacancy in the Board as to which Declarant has the power of appointment, and each new directorship created by reason of an increase in the size of the Board as to which Declarant has the power of appointment, shall be appointed by Declarant. Otherwise, any vacancy occurring in the Board and any directorship to be filled by reason of an increase in the size of the Board may be filled by the affirmative vote of a majority of the current directors, though less than a quorum of the Board, or may be filled by an election at an annual or special meeting of the Members called for that purpose. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, or until the next election of one or more directors by Members if the vacancy is caused by an increase in the number of directors.

Section 7. Rules and Regulations. The Board shall have the power and authority to promulgate, amend, enforce and rescind rules and regulations. Rules and regulations promulgated by the Board shall be binding upon the Owners and their families, tenants, licensees, invitees, successors or assigns. Any rule or regulation may be canceled or amended by the Board or by a majority vote of those Members in attendance, in person or by proxy, at a regular or special meeting of the Members at which a quorum is present. The Board shall make copies of the rules and regulations available to each Owner prior to implementation. For so long as Declarant owns any portion of Candler Hills or has the right to annex Additional Property to this Declaration, all rules and regulations and any amendments or rescission thereof must be approved in writing by Declarant prior to implementation. The power and authority of the Board to promulgate and enforce rules and regulations shall be subject to the limitation that no rule or regulation may conflict with any express provision of this Declaration, the Articles, the Bylaws, the Master Declaration, the Articles of Incorporation of the Master Association, the Bylaws of the Master Association, any rule or regulation promulgated by the Master Association, the Master Management Agreement, the Master Services Agreement, the Candler Hills Management Agreement or the Candler Hills Services Agreement.

Section 8. Declarant Veto Power. Until the total of the Class "A" votes (other than any Class "A" votes held by Declarant) equals ninety-five percent (95%) of the total membership vote of Candler

Hills Neighborhood Association, or December 31, 2054, whichever occurs first, Declarant shall have the power and authority to veto any and all decisions, actions, policies and programs of Candler Hills Neighborhood Association and the Board. Declarant shall be provided written notice of each meeting of the Board or the Members at which any decision, action, policy or program will be considered, which notice shall be sent or delivered not less than ten (10) days prior to such meeting by certified mail, return receipt requested, next business day commercial courier service or personal delivery, and which notice shall set forth with reasonable particularity the agenda to be followed at that meeting. Declarant shall be given the opportunity at the meeting to have its representatives join in the discussion of the proposed decision, action, policy or program of Candler Hills Neighborhood Association or the Board. Except as provided below, Declarant's veto must be exercised by Declarant within twenty one (21) days after the meeting at which the decision, action, policy or program is voted upon or adopted. If any decision, action, policy or program is to be implemented or take effect without the formality of a meeting, then Declarant shall be provided written notice and description of the proposed decision, action, policy or program at least twenty one (21) days in advance of the implementation or taking effect thereof, and Declarant shall have twenty one (21) days after receipt of such notice and description to exercise its veto. No decision, action, policy or program of Candler Hills Neighborhood Association or the Board shall be implemented or take effect unless and until all of the foregoing requirements are satisfied and only if Declarant does not exercise Declarant's veto power. If Declarant vetoes the proposed decision, action, policy or program of Candler Hills Neighborhood Association or the Board, then the vetoed decision, action, policy or program shall not be implemented or take effect. Declarant's veto power does not include the power to require any affirmative action on the part of Candler Hills Neighborhood Association or the Board.

Section 9. Management.

(a) **General.** Despite any other provision of the Governing Documents to the contrary, Candler Hills Neighborhood Association, acting by and through the Board, shall have the power and authority to delegate any and all of its rights, powers, duties, authority and obligations under this Declaration to a manager, which manager may or may not be an Affiliate. All fees, costs and expenses paid or incurred by Candler Hills Neighborhood Association under each management agreement entered into by Candler Hills Neighborhood Association shall be a Neighborhood Common Expense.

(b) **Candler Hills Management Agreement.** Candler Hills Neighborhood Association and the Management Company have entered into the Candler Hills Management Agreement pursuant to which Candler Hills Neighborhood Association and the Board have delegated to the Management Company all rights, powers, duties, authority and obligations of Candler Hills Neighborhood Association and the Board; subject, however, to the following: (i) all terms, conditions and reservations set forth in the Management Agreement; and (ii) the limitation that any actions and matters that, under the terms of the Governing Documents or applicable law, expressly require a specified vote of the Board and/or of the Members of Candler Hills Neighborhood Association shall continue to require such vote, and no such action may be taken or matter disposed of by the Management Company without the required vote of the Board and/or the Members of Candler Hills Neighborhood Association, as applicable. The Candler Hills Management Fee shall be a Neighborhood Common Expense. The Management Company is an Affiliate of Declarant and it is also under common ownership and control with the Community Amenities Provider.

No Member of Candler Hills Neighborhood Association is a party to the Candler Hills Management Agreement, is a third party beneficiary of the Candler Hills Management Agreement, has any direct right of action under the Candler Hills Management Agreement, has any right to enforce the Candler Hills Management Agreement, or has any right to require an accounting for monies paid to, or expended by, the Management Company pursuant to the Candler Hills Management Agreement. It shall not be necessary to amend this Declaration in order to amend the Candler Hills Management Agreement. The consent or approval of no person or entity, other than the Management Company and Candler Hills

Neighborhood Association, shall be required in order to amend or terminate the Candler Hills Management Agreement. The Candler Hills Management Agreement is available for inspection at the principal office of Candler Hills Neighborhood Association.

(c) **Candler Hills Services Agreement.** The Management Company and the Community Amenities Provider have entered into the Candler Hills Services Agreement pursuant to which the Community Amenities Provider has granted to the Management Company the right of non-exclusive use by Owners of Residential Units in Candler Hills, and by others, of certain recreational, cultural and/or educational facilities to be provided by the Community Amenities Provider. The Candler Hills Community Services Fee shall be a Neighborhood Common Expense. The Community Amenities Provider is an Affiliate of Declarant and it is also under common ownership and control with the Management Company.

The Community Amenities Provider shall have the exclusive and unrestricted right to establish, increase, decrease and alter from time to time the charges to be levied, the types and levels of services and facilities to be provided and the terms and conditions upon which such services and facilities will be made available. Failure of any person to pay any amount due the Community Amenities Provider may result in suspension of access to the services and facilities otherwise being provided by the Community Amenities Provider. The Community Amenities Provider shall also have the right to suspend access to the services and facilities otherwise being provided by the Community Amenities Provider by any person that, in the opinion of the Community Amenities Provider, is disruptive, fails to abide by the terms and conditions established by the Community Amenities Provider for access to and use of such services or facilities, or who disparages or damages, or threatens to disparage or damage, the reputation of the Community Amenities Provider or any of the services or facilities provided by it.

Neither Candler Hills Neighborhood Association nor any Member of Candler Hills Neighborhood Association is a party to the Candler Hills Services Agreement, is a third party beneficiary of the Candler Hills Services Agreement, has any direct right of action under the Candler Hills Services Agreement, has any right to enforce the Candler Hills Services Agreement, or has any right to require an accounting for monies paid to, or expended by, the Community Amenities Provider pursuant to the Candler Hills Services Agreement. It shall not be necessary to amend this Declaration in order to amend the Candler Hills Services Agreement. The consent or approval of no person or entity, other than the Management Company and the Community Amenities Provider, shall be required in order to amend or terminate the Candler Hills Services Agreement.

Section 10. Merger or Consolidation. Upon a merger or consolidation of Candler Hills Neighborhood Association with another association, the properties, rights and obligations of Candler Hills Neighborhood Association may, by operation of law, be transferred to the surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of Candler Hills Neighborhood Association as the surviving corporation pursuant to such merger or consolidation. The surviving or consolidated association may administer the covenants established within Candler Hills by the Governing Documents, together with the covenants established upon any other properties, as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the covenants established by the Governing Documents within Candler Hills.

ARTICLE IV
NEIGHBORHOOD COMMON PROPERTY
AND NEIGHBORHOOD LIMITED COMMON PROPERTY

Section 1. Title. Declarant may retain the legal title to all or any portion or portions of the Neighborhood Common Property or Neighborhood Limited Common Property until such time as the

planned improvements thereon have been completed and, in the opinion of Declarant, Candler Hills Neighborhood Association is able to maintain the same. In consideration of the benefits accruing to Candler Hills Neighborhood Association and to the Members under this Declaration and in consideration of the covenants and agreements of Declarant hereunder, Candler Hills Neighborhood Association hereby agrees to accept title to any Neighborhood Common Property or Neighborhood Limited Common Property, or to any interest therein, conveyed to it pursuant to this Declaration. Upon the due recording of a deed, easement, lease or other instrument or memorandum of conveyance to Candler Hills Neighborhood Association in the Marion County public records, title or such other interest in the Neighborhood Common Property or Neighborhood Limited Common Property conveyed shall vest in Candler Hills Neighborhood Association without the necessity of any further act, deed or approval of any person, including the grantor, lessor and/or Candler Hills Neighborhood Association. Property interests transferred to Candler Hills Neighborhood Association by Declarant may include fee simple title, easements, leasehold interests and licenses to use. Any fee simple interest in property transferred to Candler Hills Neighborhood Association by Declarant shall be transferred to Candler Hills Neighborhood Association by quit claim deed, subject to the terms of this Declaration, and subject to any and all easements, rights-of-way, reservations, covenants, conditions, restrictions, equitable servitudes and other encumbrances of record or reserved by Declarant in the instrument of conveyance. The instrument by which Declarant conveys any property or interest in property to Candler Hills Neighborhood Association may impose special restrictions governing the uses of such property and special obligations on Candler Hills Neighborhood Association with respect to the operation and maintenance of such property.

Candler Hills Neighborhood Association shall accept "as is" the conveyance of Neighborhood Common Property or Neighborhood Limited Common Property without any representation or warranty, express or implied, with respect thereto or with respect to any improvements located thereon, including but not limited to any representation or warranty with regard to merchantability or fitness for any particular purpose, condition, construction, materials, accuracy, design, adequacy of size or capacity in relation to utilization, completeness, date of completion, future economic performance or operation, or with regard to any furnishings which have been or will be placed or used in such property.

In order to preserve and enhance the property values and amenities of Candler Hills, the Neighborhood Common Property, Neighborhood Limited Common Property and all landscaping and other improvements (except drainage improvements to be maintained by a CDD) now or hereafter built or installed thereon shall at all times be maintained by Candler Hills Neighborhood Association in good repair and condition and shall be operated by Candler Hills Neighborhood Association in accordance with the Community-Wide Standard (as defined in the Master Declaration) and the Neighborhood-Wide Standard.

Section 2. Owners Easements. Every Owner shall have a perpetual, non-exclusive easement of use and enjoyment in and to the Neighborhood Common Property, and such easement shall be appurtenant to and shall pass with the title to every Residential Unit in Candler Hills. Said easement shall include, but shall not be limited to, the following rights:

(a) ingress and egress by vehicle over, across and through the streets in the Neighborhood Common Property and on foot over, across and through the streets and walks in the Neighborhood Common Property;

(b) drainage over, across and through the portions of the Surface Water Management System Facilities lying within the Neighborhood Common Property in accordance with applicable designs and the District Permit; and

(c) use and enjoyment of the Neighborhood Common Property for any other purpose not inconsistent with the Governing Documents or governmental regulations.

Section 3. Extent of Owners Easements. The non-exclusive easement of use and enjoyment created hereby in favor of the Owners shall be subject to the following:

- (a) the right and responsibility of Candler Hills Neighborhood Association (subject to the rights of Declarant and the Management Company) to manage and control the Neighborhood Common Property;
- (b) the easements and other rights of Declarant reserved in this Declaration;
- (c) the right of Candler Hills Neighborhood Association to borrow money and to pledge its Assessments revenues and assets for the purposes of (i) improving the Neighborhood Common Property or any Area of Common Responsibility, (ii) acquiring additional Neighborhood Common Property, (iii) constructing, repairing, maintaining or improving any facilities located within the Neighborhood Common Property or any Area of Common Responsibility, or (iv) providing the services authorized herein, and to give as security for the payment of any such loan a mortgage or other security instrument conveying all or any portion of the Neighborhood Common Property; provided, however, that the lien and encumbrance of any such security instrument given by Candler Hills Neighborhood Association shall be subject and subordinate to any and all rights, interest, licenses, easements and privileges reserved or established by this Declaration for the benefit of Declarant, any Owner, the Management Company or the holder of any mortgage on a Residential Unit, irrespective of when such mortgage is executed or given;
- (d) the rights and easements reserved in this Declaration for the benefit of the Community Amenity Property and the Community Amenities Provider;
- (e) the provisions of the Candler Hills Management Agreement and the Candler Hills Services Agreement; and
- (f) any right, easement, limitation, restriction or other provision created or imposed by any subdivision plat of any portion of Candler Hills.

Section 4. Declarant Easement. Declarant hereby reserves a private, perpetual and non-exclusive easement over, under and through the Neighborhood Common Property and the Neighborhood Limited Common Property for the following purposes to facilitate the development, marketing, use and enjoyment of the Overall Property, including but not limited to any Property Not Annexed:

- (a) construction, installation, maintenance, repair, replacement and use of wires, cables, poles, conduits, lines, pipes, wells, pumping stations, irrigation systems and other fixtures, equipment and improvements for wastewater, potable water, reclaimed water, gas, electric, Community Systems and other services;
- (b) construction, installation, maintenance, repair, replacement and use of Surface Water Management System Facilities for drainage, conveyance and discharge of surface water onto, within and through the Neighborhood Common Property and the Neighborhood Limited Common Property;
- (c) cutting and trimming of trees and shrubs, grading of the soil and taking of any other action reasonably necessary to provide economical and safe utility and drainage systems and services and to maintain reasonable standards of health, convenience, safety and appearance;

(d) pedestrian and vehicular ingress, egress and passage over, across and through all private roads within the Neighborhood Common Property or the Neighborhood Limited Common Property or within any easements serving the same for that purpose;

(e) pedestrian ingress, egress and passage over, across and through the Neighborhood Common Property or the Neighborhood Limited Common Property, or within any easements serving the same for that purpose;

(f) vehicular ingress, egress, passage and parking over, across and through all parking facilities located within the Neighborhood Common Property or the Neighborhood Limited Common Property or within any easements serving the same for that purpose;

(g) construction, installation, maintenance, repair, replacement and use of building, landscaping, irrigation, sidewalk, parking, roadway, lighting, drainage, signage, walls, fences and other improvements;

(h) such other uses and activities as may be reasonably necessary or convenient to facilitate development, marketing, use and enjoyment of the Overall Property; and

(i) access to and use and enjoyment of some or all of the amenities located on the Neighborhood Common Property (but not the Neighborhood Limited Common Property) by the owners of lands or improvements located in the Property Not Annexed and their respective families, tenants, and guests, based on a cost-sharing arrangement acceptable to Declarant.

The easement reserved to Declarant by this section shall not pass to or be exercisable by Declarant's successors or assigns except to the extent specifically designated by Declarant by instrument recorded in the Marion County public records. This reservation shall not impose any obligation on Declarant to provide or maintain any of the above-mentioned improvements or services. This section may not be amended without the written consent of Declarant.

Section 5. Easement for Community Amenity Property. Declarant hereby grants to the Community Amenities Provider for the use and benefit, and as an appurtenance to, the Community Amenity Property, a private, perpetual and non-exclusive easement over, under and through the Neighborhood Common Property and the Neighborhood Limited Common Property for the following purposes to facilitate the development, marketing, use and enjoyment of the Community Amenity Property:

(a) construction, installation, maintenance, repair, replacement and use of wires, cables, poles, conduits, lines, pipes, wells, pumping stations, irrigation systems and other fixtures, equipment and improvements for wastewater, potable water, reclaimed water, gas, electric, telecommunications, multi-channel video programming, cable television, security monitoring and other services;

(b) construction, installation, maintenance, repair, replacement and use of Surface Water Management System Facilities for drainage, conveyance and discharge of surface water onto, within and through the Neighborhood Common Property and the Neighborhood Limited Common Property;

(c) pedestrian and vehicular ingress, egress and passage over, across and through all private streets, alleys and lanes within the Neighborhood Common Property or the Neighborhood Limited Common Property or within any easements serving the same for that purpose;

(d) pedestrian ingress, egress and passage over, across and through the Neighborhood Common Property or the Neighborhood Limited Common Property and construction, installation,

maintenance, repair, replacement and use of sidewalks and walkways located therein, or within any easements serving the same for that purpose; and

(e) pedestrian and vehicular ingress, egress, passage and parking over, across and through all parking facilities located within the Neighborhood Common Property or the Neighborhood Limited Common Property or within any easements serving the same for that purpose.

No charges shall be levied in connection with this easement in favor of the Community Amenities Provider. The operations and activities served by this easement include (but they are not limited to) amateur and professional golf and tennis tournaments, and the easement rights shall include (but they are not limited to) the right to control, restrict or permit by ticket, pass or otherwise, ingress to and egress from the Community Amenity Property over, upon and through any of the Neighborhood Common Property and the Neighborhood Limited Common Property. Without limiting the generality of the foregoing, members and users of the Community Amenity Property and members of the public admitted by ticket, pass, permit or as otherwise established by the Community Amenities Provider shall have the right of ingress, egress and passage over and through all streets, alleys and lanes in Candler Hills and the right to park their passenger vehicles on the parking lots and other areas within the Neighborhood Common Property and Neighborhood Limited Common Property designated for vehicular parking at reasonable times before, during and after golf and tennis tournaments and other functions held by the Community Amenities Provider.

Section 6. Golf and Recreation Easement. There is hereby granted and reserved for the benefit of Declarant, the Community Amenity Provider and their respective directors, officers, employees, agents, contractors, licensees and invitees, a private, perpetual and non-exclusive easement for ingress and egress over and across all portions of Candler Hills (excluding the interiors of any building improvements), including but not limited to the grounds of all Residential Units, Neighborhood Common Property and Neighborhood Limited Common Property for the purpose of allowing golf balls to travel over, into, and to come to rest upon and be retrieved from, any and all said portions of Candler Hills. None of Declarant, the Community Amenity Provider or any of their respective directors, officers, employees, agents, contractors, licensees or guests, shall have any liability or responsibility whatsoever for any property damage occasioned by, or personal injury to, any person, whether an Owner or occupant, or any member of such Owner's or occupant's family or any licensee or invitee of such Owner or occupant, who or which is accidentally struck by a golf ball which shall travel beyond the boundaries of any golf course located on the Community Amenity Property. In addition, the travel, entry within and coming to rest of golf balls over, upon or within any portion of Candler Hills shall not be deemed to be or constitute a nuisance or hazard to the health, safety or welfare of the residents or guests of Candler Hills and no injunctive relief or damages for such occurrences shall be recoverable by any party or granted by any court; it being agreed by every Owner that the risk of such personal injury or damage to property has been assumed by such Owner on behalf of the Owner, tenants of the Owner, the members of their respective families and their respective licensees or invitees at the time of the acceptance of a deed or other conveyance to said Owner's Unit.

Section 7. Assumption of Risk. EACH OWNER (BY ITS PURCHASE OF A RESIDENTIAL UNIT IN CANDLER HILLS), AND EACH OTHER PERSON IN CANDLER HILLS (BY HIS OR HER ENTRY UPON CANDLER HILLS) ASSUMES THE RISK OF NOISE, PERSONAL INJURY OR PROPERTY DAMAGE CAUSED BY MAINTENANCE, OPERATION AND USE OF THE COMMUNITY AMENITY PROPERTY, INCLUDING, WITHOUT LIMITATION: (A) NOISE FROM EQUIPMENT ASSOCIATED WITH MAINTENANCE ACTIVITIES (WHICH TYPICALLY OCCUR AROUND SUNRISE OR SUNSET), (B) NOISE CAUSED BY GOLFERS AND OTHER USERS AND INVITEES OF THE COMMUNITY AMENITY PROPERTY, (C) LAWFUL USE OF PESTICIDES, HERBICIDES AND FERTILIZERS, (D) VIEW RESTRICTIONS CAUSED BY INSTALLATION AND MATURATION OF TREES AND SHRUBBERY AND CHANGES IN GRADE WITHIN THE

COMMUNITY AMENITY PROPERTY, (E) REDUCTION IN PRIVACY CAUSED BY CONSTANT GOLF AND OTHER USER TRAFFIC ON THE COMMUNITY AMENITY PROPERTY, THE REMOVAL OR PRUNING OF TREES OR SHRUBBERY ON THE COMMUNITY AMENITY PROPERTY OR CHANGES IN GRADE OF THE COMMUNITY AMENITY PROPERTY, (F) TRAFFIC AND NOISE ASSOCIATED WITH USE OF THE STREETS AND NEIGHBORHOOD COMMON PROPERTY FOR INGRESS AND EGRESS TO AND FROM THE COMMUNITY AMENITY PROPERTY, AND (G) DESIGN OF THE COMMUNITY AMENITY PROPERTY. EACH OWNER AND EACH OTHER PERSON IN CANDLER HILLS ALSO AGREES THAT NONE OF DECLARANT, THE COMMUNITY AMENITIES PROVIDER, ANY OTHER PERSON OR ENTITY OWNING OR OPERATING ANY COMMUNITY AMENITY PROPERTY, OR CANDLER HILLS NEIGHBORHOOD ASSOCIATION, OR ANY OF THEIR RESPECTIVE MEMBERS, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS, SHALL BE LIABLE TO ANY OWNER OR ANYONE ELSE IN CANDLER HILLS CLAIMING ANY LOSS OR DAMAGE, INCLUDING, WITHOUT LIMITATION, INDIRECT, SPECIAL OR CONSEQUENTIAL LOSS OR DAMAGE, ARISING FROM PERSONAL INJURY, DESTRUCTION OF PROPERTY, TRESPASS, LOSS OF ENJOYMENT, NUISANCE OR ANY OTHER ALLEGED WRONG OR ENTITLEMENT TO REMEDY BASED UPON, DUE TO, ARISING FROM OR RELATED TO ANY OF THE FOREGOING MATTERS.

Section 8. Water Sourcing and Spraying. Declarant hereby reserves a perpetual, non-exclusive easement for the following purposes, to the extent not prohibited by law or any governmental authority: (a) to pump water from the Surface Water Management System Facilities, and other water features located within Candler Hills for the purpose of irrigating any portions of the Overall Property; (b) to drill, install, locate, maintain, and use wells, pumping stations, water towers, siltation basins and tanks, and related water and wastewater treatment facilities and systems within the Neighborhood Common Property and Neighborhood Limited Common Property; and (c) to spray or locate any pre-treated reclaimed water (also known as gray water) within the Neighborhood Common Property or Neighborhood Limited Common Property. IN THE INTEREST OF GOOD MANAGEMENT PRACTICES AND CONSISTENT WITH APPLICABLE LAW, PORTIONS OF THE NEIGHBORHOOD COMMON PROPERTY, NEIGHBORHOOD LIMITED COMMON PROPERTY AND/OR THE COMMUNITY AMENITY PROPERTY HAVE BEEN AND/OR MAY BE USED FOR DISPOSAL OF RECLAIMED WATER BY SPRAY IRRIGATION OF LANDSCAPING AND TURF AND OTHER LAWFUL MEANS.

Section 9. Community Systems. Declarant reserves unto itself and its Affiliates, nominees and licensees the right, but not the obligation, to install and provide Community Systems and to provide the services available through the Community Systems to some or all of the Residential Units, Neighborhood Common Property or Neighborhood Limited Common Property in Candler Hills. None of the Master Association, Candler Hills Neighborhood Association or any Owner shall have any interest in or claim to the Community Systems. Any or all of the services provided by means of the Community Systems may be provided indirectly through the Master Association or Candler Hills Neighborhood Association and paid for as part of the assessments levied by the Master Association or the Assessments levied by Candler Hills Neighborhood Association, or directly to the Owners by Declarant or Declarant's Affiliate, nominee or licensee and paid for directly by the Owners, or through a combination of the foregoing arrangements.

The Community Systems shall be the property of the Declarant or its Affiliate, nominee or licensee and, upon any sale or other transfer of any Community System by Declarant or Declarant's Affiliate, nominee or licensee, all proceeds of such sale or other transfer shall belong to whichever one of Declarant or Declarant's Affiliate, nominee or licensee is the seller or transferor. Also, Declarant shall have the right, but not the obligation, to convey, transfer, sell or assign all or any portion of any of the Community Systems, or all or any portion of the rights, duties or obligations associated with any of the Community

Systems, to the Master Association, any Neighborhood Association (including but not limited to Candler Hills Neighborhood Association), or any other person or entity (including but not limited to an Owner as to any portion of the Community System located on such Owner's Unit).

The rights of Declarant and Declarant's Affiliate, nominee or licensee with respect to the Community Systems installed by Declarant or Declarant's Affiliate, nominee or licensee, and the services provided through said Community Systems, are exclusive, and no other person or entity may provide such services through the Community Systems installed by Declarant or Declarant's Affiliate, nominee or licensee without the prior written consent of Declarant or its Affiliate, nominee or licensee.

ALL PERSONS ARE HEREBY NOTIFIED THAT THE MASTER ASSOCIATION AND/OR CANDLER HILLS NEIGHBORHOOD ASSOCIATION MAY BE A PARTY TO ONE OR MORE CONTRACTS FOR COMMUNITY SYSTEMS SERVING CANDLER HILLS FOR A TERM WHICH EXTENDS BEYOND THE TIME DECLARANT IS IN CONTROL OF THE MASTER ASSOCIATION AND/OR CANDLER HILLS NEIGHBORHOOD ASSOCIATION AND THAT, IF SO PROVIDED IN ANY SUCH CONTRACT, THE ASSESSMENTS PAYABLE AS TO EACH RESIDENTIAL UNIT WILL INCLUDE CHARGES PAYABLE BY THE MASTER ASSOCIATION AND/OR CANDLER HILLS NEIGHBORHOOD ASSOCIATION UNDER SUCH CONTRACT, REGARDLESS OF WHETHER OR NOT THE OWNER OF SUCH RESIDENTIAL UNIT ELECTS TO RECEIVE THE SERVICES MADE AVAILABLE BY MEANS OF THE COMMUNITY SYSTEMS.

DESPITE ANY PROVISION OF THIS DECLARATION TO THE CONTRARY, FOR A PERIOD OF EIGHTY NINE (89) YEARS AFTER RECORDATION OF THIS DECLARATION IN THE PUBLIC RECORDS OF MARION COUNTY, FLORIDA, NO EASEMENT MAY BE GRANTED FOR UTILITY PURPOSES ANYWHERE WITHIN CANDLER HILLS WITHOUT THE PRIOR WRITTEN CONSENT OF DECLARANT. FOR THE PURPOSES OF THE PRECEDING SENTENCE, "UTILITY" SHALL MEAN AND REFER TO EACH FORM OF UTILITY SERVICE NOW EXISTING OR HEREFTER DEVELOPED, INCLUDING, BUT NOT LIMITED TO, EACH WASTEWATER, POTABLE WATER, RECLAIMED WATER, ELECTRIC AND GAS SERVICE, EACH "CABLE SYSTEM" OR "CABLE SERVICE", "MULTICHANNEL VIDEO PROGRAMMING SERVICE" (WHETHER FRANCHISED OR UNFRANCHISED), "INFORMATION SERVICE" OR OTHER "TELECOMMUNICATIONS SERVICE", AS SAID TERMS ARE DEFINED IN THE COMMUNICATIONS ACT OF 1934 (47 U.S.C. §151, ET SEQ.), AS AMENDED THROUGH THE DATE HEREOF, EACH MONITORING SERVICE, AND EACH OTHER FORM OF WIRELINE OR WIRELESS COMMUNICATION SYSTEM OR SERVICE.

Section 10. Beneficiaries. The beneficiary of any easement, license, right or privilege created or imposed by this Declaration may delegate the benefit of such easement, license, right or privilege to the beneficiary's 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 11. Location Does Not Control Use. Designation by Declarant of any property as Neighborhood Common Property (as opposed to Neighborhood Limited Common Property which is intended to be restricted as to user identity) shall result in general Candler Hills Neighborhood Association membership use and enjoyment entitlement regardless of the tract or phase of Candler Hills in which the Neighborhood Common Property is located.

Section 12. Changes in Boundaries. Declarant reserves the right to change and realign the boundary of any of the Neighborhood Common Property or the Neighborhood Limited Common Property with any Residential Unit within Candler Hills or with any portion of any Community Amenity Property,

subject to the prior written approval of the Owner of the adjacent, affected Residential Unit or the Community Amenities Provider, as applicable.

ARTICLE V COMMUNITY DEVELOPMENT DISTRICTS

Declarant reserves the right to donate, sell, lease or otherwise transfer any lands and/or improvements within Candler Hills (other than Residential Units) to any one or more CDDs for construction, ownership, operation, maintenance, repair and replacement of such lands and/or improvements as permitted by applicable law, including but not limited to Chapter 190, *Florida Statutes*. The lands and improvements donated, sold, leased or otherwise transferred to any CDD may include (but they are not limited to) streets, wastewater, potable water and reclaimed water facilities, street lights, Surface Water Management System Facilities, landscaping, entry features, gates, gatehouses, buildings, swimming pools, parks, open space, gazebos, leisure trails, bike paths and other recreational, cultural and educational facilities. Candler Hills Neighborhood Association may also contract with any CDD for the CDD to construct, operate, maintain, repair or replace any Neighborhood Common Property, Neighborhood Limited Common Property or any Area of Common Responsibility, or for Candler Hills Neighborhood Association to construct, operate, maintain, repair or replace any lands or improvements leased, owned or operated by the CDD.

Upon the request of Declarant, each Owner shall execute all approvals, consents and other documents necessary to make some or all of Candler Hills subject to one or more CDDs and the related legal requirements. By accepting title to a Residential Unit, each Owner hereby appoints Declarant as attorney-in-fact for the Owner to execute any and all approvals, consents and other documents necessary to fully implement any CDD and make said Owner's Unit and any other portion of Candler Hills subject to any CDD and the related legal requirements. The foregoing appointment is a power coupled with an interest and shall be irrevocable.

Candler Hills East Phase 1 lies within the jurisdiction of Candler Hills East CDD. Candler Hills East CDD has entered into an interlocal agreement with Bay Laurel Center CDD for wastewater, potable water and reclaimed water utilities services and other benefits and services to be provided to Candler Hills East Phase 1. Similar interlocal agreements may be entered into from time to time between Candler Hills East CDD (or one or more other CDDs with jurisdiction over portions of Candler Hills) and Bay Laurel Center CDD (or one or more other CDDs) for wastewater, potable water and reclaimed water utilities services and other benefits and services to be provided to Candler Hills East Phase 1 and/or any one or more future phases of Candler Hills. Wastewater and water connection fees and usage charges will be billed directly to the Owners by Bay Laurel Center CDD. Additional recurring charges will be levied against the Owners and their Residential Units through annual tax bills issued by the Marion County Tax Collector.

Each Owner shall be solely responsible for all service charges, fees, taxes and assessments levied by each CDD applicable to that Owner's Residential Unit, and failure to pay same when due may result in enforcement of one or more liens against the Residential Unit and potential loss of title to the Residential Unit.

Until such time as control is transferred as required by law, Candler Hills East CDD and Bay Laurel Center CDD are, and other CDDs may be, controlled and managed by one or more Affiliates of Declarant, one or more persons or entities who own or control the Management Company and/or the Communities Services Provider, or one or more persons who serve as officers, directors and agents of the Master Association and/or Candler Hills Neighborhood Association.

ARTICLE VI
SURFACE WATER MANAGEMENT SYSTEM FACILITIES

The Surface Water Management System Facilities within or serving Candler Hills East Phase 1 will be operated, maintained, repaired and replaced by Candler Hills East CDD and the Surface Water Management System Facilities in each Additional Property will be operated, maintained, repaired and replaced by Candler Hills East CDD, another CDD with jurisdiction over some or all of Candler Hills, or Candler Hills Neighborhood Association, as designated by Declarant by document recorded in the Marion County public records.

Declarant hereby reserves a perpetual, non-exclusive easement over, under and through the Surface Water Management System Facilities in Candler Hills for maintenance, repair and replacement of the Surface Water Management System Facilities in the event the responsible entity fails to do so, or in the event Declarant desires to provide a higher standard of maintenance than that provided by the responsible entity. Declarant shall also be entitled (but not obligated) to designate by any plat, Governing Document or other recorded instrument that, to the extent not already made the responsibility of Candler Hills Neighborhood Association pursuant to the foregoing provisions, any area or improvement affected by this easement reservation shall constitute an Area of Common Responsibility to be maintained by Candler Hills Neighborhood Association at Neighborhood Common Expense.

The Surface Water Management System Facilities in Candler Hills will be located: (a) on land to be conveyed to and owned by a CDD; (b) on land to be designated on any one or more of the plats of Candler Hills as Neighborhood Common Property or Neighborhood Limited Common Property; or (c) on land encumbered by a perpetual easement for operation, maintenance, repair, replacement and use of the Surface Water Management System Facilities located therein.

Except as may be permitted by the District Permit or other prior approval of the District, no construction activities may be conducted relative to any portion of the Surface Water Management System Facilities. Prohibited activities include, but are not limited to: digging or excavation; depositing fill, debris or any other material or item; constructing or altering any water control structure; or any other construction to modify the Surface Water Management System Facilities. If the project includes a wetland mitigation area, or a wet detention pond, then, except as provided in the next sentence, no vegetation in these areas shall be removed, cut, trimmed or sprayed with herbicide without specific written approval from the District. Construction and maintenance activities that are consistent with the design and permit conditions approved by the District in the District Permit may be conducted without specific written approval from the District.

Except to the extent performed by a CDD or the Master Association, Candler Hills Neighborhood Association is responsible for operation and maintenance of the Surface Water Management System Facilities in Candler Hills. Operation and maintenance and re-inspection reporting shall be performed in accordance with the terms and conditions of the District Permit. Except to the extent assigned to and assumed by a CDD or the Master Association, Candler Hills Neighborhood Association shall accept assignment of, and shall assume in writing, all of Declarant's rights and obligations under each District Permit applicable to Candler Hills. Also, upon request by Declarant, Candler Hills Neighborhood Association shall accept assignment of, and shall assume in writing, all rights and obligations under any other governmental permits and approvals applicable to any of the Neighborhood Common Property or Neighborhood Limited Common Property.

The District has the right to take enforcement measures, including a civil action for injunction and/or penalties, against Candler Hills Neighborhood Association to compel it to correct any outstanding problems with the Surface Water Management System Facilities in Candler Hills.

If Candler Hills Neighborhood Association ceases to exist, all of the Owners shall be jointly and severally responsible for operation and maintenance of the Surface Water Management System Facilities in Candler Hills in accordance with the requirements of the District Permit (if the designated CDD or the Master Association fails to do so), unless and until an alternate entity satisfactory to the District assumes responsibility.

If Candler Hills includes any on-site wetland mitigation that requires ongoing monitoring and maintenance, then except to the extent provided for and performed by a CDD or the Master Association, Candler Hills Neighborhood Association shall allocate sufficient funds in its budget for monitoring and maintenance of the wetland mitigation area(s) each year until the District determines that the area(s) is successful in accordance with the District Permit.

ARTICLE VII

STREETS IN CANDLER HILLS

Section 1. Responsibility. The streets in Candler Hills East Phase 1 will be owned, operated, maintained, repaired and replaced by Candler Hills Neighborhood Association and the streets in each Additional Property will be operated, maintained, repaired and replaced by Candler Hills Neighborhood Association or a CDD with jurisdiction over some or all of Candler Hills, as designated by Declarant by document recorded in the Marion County public records. The foregoing is subject to the qualification that any Principal Roadway (as defined in the Master Declaration) and any Community Thoroughfare (as defined in the Master Declaration) located in Candler Hills shall be owned, operated, maintained, repaired and replaced as provided in the Master Declaration or any supplement thereto.

Declarant and each entity responsible for the operation of the streets in Candler Hills shall have the right, but not the obligation, to construct, operate, maintain, repair and replace gates (either staffed or electronically-operated) and gatehouses at one or more entrances to Candler Hills. DESPITE THE PRESENCE OR POTENTIAL PRESENCE OF GATES OR GATEHOUSES AT OR NEAR THE ENTRANCES TO CANDLER HILLS, AND WITHOUT REGARD TO WHETHER OR NOT THE STREETS IN CANDLER HILLS ARE PUBLIC OR PRIVATE, DECLARANT AND THE ENTITY RESPONSIBLE FOR OPERATION OF THE STREETS IN CANDLER HILLS MAY, IN ITS OR THEIR DISCRETION, PERMIT ACCESS TO CANDLER HILLS BY THE GENERAL PUBLIC. Declarant and each entity responsible for the operation of the streets in Candler Hills shall have the right, but not the obligation, to exclude from Candler Hills any person or persons deemed by Declarant or the responsible entity as a threat to the security or tranquility of Candler Hills or its residents, such determination to be made or not made by Declarant or the responsible entity in its sole and absolute discretion and without liability to anyone for the exercise of (or for the failure to exercise) such discretion; provided, however, that neither Declarant nor the responsible entity shall prevent any Owner or resident of Candler Hills from gaining access to his or her Residential Unit nor shall either unreasonably interfere with or restrict access to the Community Amenity Property.

Section 2. Easement Reservation. Declarant hereby reserves a perpetual, non-exclusive easement over, under and through the streets in Candler Hills and all improvements from time to time located therein, for pedestrian and vehicular ingress, egress and passage, together with the right (but not the obligation) to construct, install, maintain, repair, replace, operate and use paving, streets, driveways, vehicular parking facilities, curbs, sidewalks, gates, gatehouses, traffic control devices, walls, fences, signs, entry features, lights, utilities lines and equipment, drainage lines and structures, landscaping, and irrigation lines and equipment. Declarant shall be entitled (but not obligated) to designate by any plat, Governing Document or other recorded document that any area or improvement affected by this reserved easement shall constitute an Area of Common Responsibility to be maintained by Candler Hills Neighborhood Association at Neighborhood Common Expense.

ARTICLE VIII
INSURANCE, CASUALTY AND NON-LIABILITY

Section 1. Insurance. The Board shall have the authority to obtain, at Neighborhood Common Expense, any and all types of insurance coverage with respect to such risks or persons, and with such deductibles provisions and coverage limits, as shall be deemed necessary or desirable by the Board, including but not limited to: (a) insurance against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, for any insurable improvements located on any Neighborhood Common Property, Neighborhood Limited Common Property or Area of Common Responsibility; (b) public liability insurance covering Candler Hills Neighborhood Association and its Members; and (c) directors' and officers' liability insurance covering the directors and officers of Candler Hills Neighborhood Association. The Board shall have the authority to cause to be named as additional insured on any policy of insurance obtained by the Board any one or more persons or entities deemed by the Board to be desirable or appropriate. The Board shall also have the discretion to have Candler Hills Neighborhood Association self-insure against any risk.

All insurance coverage obtained by the Board shall be written in the name of Candler Hills Neighborhood Association, as trustee for the respective benefited parties. Exclusive authority to adjust losses under policies in force on the Neighborhood Common Property, any Neighborhood Limited Common Property or any Area of Common Responsibility shall be vested in the Board.

The Owners understand and acknowledge that the Board members are acting, with their best efforts, on behalf of Candler Hills Neighborhood Association and the Owners in selecting the types and amounts of insurance to purchase. As a result, the Owners hereby agree to hold the Board members harmless from any liability resulting from their decisions to purchase or not purchase insurance coverages. The Owners also agree that Candler Hills Neighborhood Association shall indemnify each of the Board members for any expenses and judgments, not covered by the directors and officers liability insurance, resulting from legal actions pertaining to the purchase of insurance or any decision not to purchase insurance.

It shall be the responsibility of each Owner, at that Owner's expense, to provide such public liability, property damage, title and other insurance with respect to that Owner's own property as may be desired by that Owner. In the event of damage or destruction by fire or other casualty to any improvements or vegetation on any Residential Unit, the Owner shall clear away the ruins and debris of such damaged or destroyed improvements or vegetation within sixty (60) days after the casualty occurs, and the Owner shall thereafter maintain the Residential Unit and all remaining improvements and vegetation in a clean, safe and presentable condition. All reconstruction and repair of the damaged or destroyed improvements or vegetation shall be carried out in accordance with the Governing Documents and, following commencement, all reconstruction and repair activity shall be carried out diligently to conclusion. There shall be no abatement or reduction in Assessments applicable to any Residential Unit due to any damage to or destruction of any improvements or vegetation on that Residential Unit.

Section 2. Non-Liability. None of Declarant, the Master Association, Candler Hills Neighborhood Association or the Community Amenities Provider, and none of the directors, officers, employees or agents of any of the foregoing, shall have any liability or responsibility for any violation of this Declaration or applicable local, state or federal law by any other person or entity. None of the foregoing persons or entities makes any warranty or representation regarding the security of Candler Hills, the Community Amenity Property or any Residential Unit, or regarding the effectiveness or reliability of any gate, fence, wall, safety measure, security system, smoke or fire detection system, or medical alert or other monitoring system from time to time located or operated within or for the benefit of Candler Hills. None of the foregoing persons or entities shall have any liability or responsibility for any loss, damage or

claim resulting from any failure to provide any security, safety, fire, medical or monitoring service, measure or facility or from any failure or ineffectiveness of any such service, measure or facility from time to time undertaken or provided by any of them.

ARTICLE IX **ASSESSMENTS**

Section 1. Lien and Personal Obligation for Assessments. By acceptance of title to any Residential Unit in Candler Hills, and whether or not it shall be so expressed in any deed or other conveyance document, each Owner covenants and agrees to pay to Candler Hills Neighborhood Association: (a) Annual Assessments; (b) Special Assessments; (c) Individual Assessments; (d) Special Benefit Area Assessments; and (e) a Working Capital Assessment. Assessments shall be established and assessed to the Owners and their respective Residential Units as hereinafter provided. Assessments, together with interest thereon, late charges and Enforcement Expense, shall be an equitable charge and a continuing lien upon the Residential Unit against which each such Assessment is made. Each Assessment, together with interest, late charges and Enforcement Expense, shall also be the personal obligation of the Owner of such Residential Unit at the time the Assessment came due, and each subsequent Owner shall take title to Residential Unit subject to the equitable charge and continuing lien for such unpaid amounts, but without prejudice to the rights of any subsequent Owner to recover from any prior Owner liable for the unpaid Assessment any amounts paid by such subsequent Owner for the foregoing. In the event of co-ownership of any Residential Unit subject to this Declaration, all of co-Owners shall be jointly and severally liable for the entire unpaid amount coming due during their respective period of ownership.

Section 2. Exempt Property. Assessments shall be levied only against the Residential Units from time to time existing in Candler Hills that are not exempt from assessment pursuant to this section. The following property now or hereafter subject to this Declaration shall be exempt from the Assessments, charges and liens created in this Declaration:

- (a) all Neighborhood Common Property and Neighborhood Limited Common Property;
- (b) all Residential Units owned by Declarant during the time Declarant pays the operating expenses incurred by Candler Hills Neighborhood Association in excess of the Assessments receivable from other Owners and other income of Candler Hills Neighborhood Association as more particularly provided in Section 15 below;
- (c) each potential or proposed Residential Unit prior to the time the plat, declaration or other document creating that Residential Unit is recorded in the Marion County public records;
- (d) all property owned by or leased to any CDD; and
- (e) each Residential Unit owned by a licensed homebuilder until such time as a certificate of occupancy or equivalent is issued as to that Residential Unit by Marion County, Florida.

Except as set forth in this section, no Owner or Residential Unit in Candler Hills shall be exempt from the Assessments, charges or liens created in this Declaration. No Owner may avoid the obligation for payment of Assessments by non-use or abandonment of any Neighborhood Common Property, Neighborhood Limited Common Property or Area of Common Responsibility.

Section 3. Uses of Assessments. The Assessments may be used to carry out the duties imposed and to exercise the powers conferred upon Candler Hills Neighborhood Association by the Governing Documents, to pay the assessments and charges from time to time payable to the Master Association pursuant to the Master Declaration, and for such other uses and purposes as may from time to time be deemed necessary or desirable in the judgment of the Board to promote the recreation, education, health, safety, welfare and enjoyment of the Owners, to preserve and enhance the values of the Residential

Units and/or to provide benefits and services to the residents of Candler Hills. Potential uses of Assessments include (but they are not limited to):

(a) owning, improving, operating, maintaining, repairing, replacing and/or insuring the Neighborhood Common Property, Neighborhood Limited Common Property, Areas of Common Responsibility and Surface Water Management System Facilities;

(b) paying real and personal property taxes and assessments (if any) separately levied against Candler Hills Neighborhood Association and any Neighborhood Common Property or Neighborhood Limited Common Property. Such taxes and assessments may be contested or comprised by Candler Hills Neighborhood Association. It is the intent of this Declaration that, because the interest of each Owner to use and enjoy the Neighborhood Common Property and any Neighborhood Limited Common Property constitutes an interest in real property on a proportionate basis appurtenant to each benefited Residential Unit, the value of the interest of each Owner in such property shall be included in the assessed value of each Residential Unit and any taxes levied directly against such Neighborhood Common Property or Neighborhood Limited Common Property should be of a nominal amount; and

(c) repaying deficits previously incurred by Candler Hills Neighborhood Association and funding reserves for future maintenance, repair or replacement of the Neighborhood Common Property, Neighborhood Limited Common Property, Areas of Common Responsibility or Surface Water Management System Facilities.

Section 4. Annual Budget for Annual Assessments and Special Benefit Area Assessments.

Prior to the end of each fiscal year, the Board shall prepare and approve by majority vote the Annual Assessment budget for the next fiscal year and deliver a copy of the budget to each Member. The budget shall include, without limitation, the assessments and other charges expected to be levied by the Master Association pursuant to the Master Declaration during the next fiscal year. Any Special Benefit Area Assessments shall be separately accounted for in the annual budget. If the Board fails to propose a budget for any fiscal year, the budget and Annual Assessments in effect for the preceding fiscal year shall continue in effect until a new budget is approved by the Board.

Section 5. Allocation of Annual Assessments and Special Benefit Area Assessments.

The Owner of each Residential Unit (except Declarant for so long as Declarant subsidizes the budget as provided in Section 15) shall be liable for that Residential Unit's allocable share of the basic Annual Assessment budget applicable to all Residential Units, plus that Residential Unit's allocable share of any applicable Special Benefit Area Common Expense. Any portions of the annual budget reflecting Special Benefit Area Common Expense shall be assessed as Special Benefit Area Assessments only against the Owners of Residential Units within the applicable Special Benefit Area.

For purposes of allocating the basic Annual Assessment budget among the non-exempt Residential Units in Candler Hills and determining the basic Annual Assessment payable as to each non-exempt Residential Unit, the Board shall have the discretion (but not the obligation) to categorize the Residential Units according to type based on state of improvement, level of services or other reasonable criteria established and amended from time to time in writing by the Board, and then to allocate the basic Annual Assessment budget among the non-exempt Residential Units in differing amounts according to type. Unless and until the Board elects to categorize the Residential Units according to differing types, all Residential Units in Candler Hills shall be deemed to be the same type and the Annual Assessments for all non-exempt Residential Units will be same.

Likewise, for purposes of allocating any Special Benefit Area Common Expense among the non-exempt Residential Units in the applicable Special Benefit Area and determining the Special Benefit Area

Assessment payable as to each non-exempt Residential Unit, the Board shall have the discretion (but not the obligation) to categorize the Residential Units according to type based on state of improvement, level of services or other reasonable criteria established and amended from time to time in writing by the Board, and then to allocate the Special Benefit Area Common Expense among the relevant non-exempt Residential Units in differing amounts according to type. Unless and until the Board elects to categorize the Residential Units in any Special Benefit Area according to differing types, all Residential Units in that Special Benefit Area shall be deemed to be the same type and the Special Benefit Area Assessments for all non-exempt Residential Units in that Special Benefit Area shall be same amount per Residential Unit.

Section 6. Commencement, Due Dates and Method of Payment of Annual Assessments and Special Benefit Area Assessments. Annual Assessments and any applicable Special Benefit Area Assessments for each Residential Unit created by a subdivision plat shall commence on the date that the subdivision plat creating such Residential Unit is recorded in the Marion County public records. Annual Assessments and any applicable Special Benefit Area Assessments for each other type of Residential Unit shall commence on the date that the applicable deed, declaration of condominium, cooperative enabling document or other document creating the Residential Unit is recorded in the Marion County public records.

For each Residential Unit that comes into existence at a time other than at the beginning of Candler Hills Neighborhood Association's fiscal year, the first Annual Assessment and any applicable Special Benefit Area Assessment levied against that Residential Unit shall be prorated based on the remaining number of days in that year and it or they shall be due thirty (30) days after billing. Otherwise, except to the extent the Board authorizes in writing payment at a later date, all Annual Assessments and applicable Special Benefit Area Assessments shall be due and payable, in advance, on or before the first day of the fiscal year for which imposed.

From time to time the Board may designate the method of payment of Annual Assessments and Special Benefit Area Assessments. Unless and until otherwise designated by the Board, the method of payment shall be by electronic transfer (also known as automated clearinghouse debit or auto debit).

Section 7. Special Assessments. In addition to Annual Assessments, the Board may levy Special Assessments at any time. Special Assessments may be levied against all Owners of non-exempt Residential Units, or only against the Owners entitled to use any Neighborhood Limited Common Property or only against Owners of Residential Units in any Special Benefit Area. Special Assessments shall be allocated among the applicable Residential Units in the same manner as Annual Assessments. Unless otherwise required by the Board, Special Assessments shall be due thirty (30) days after billing.

Section 8. Individual Assessments. Unless otherwise permitted by the Board, Individual Assessments shall be due thirty (30) days after written notice to the affected Owner from the Board.

Section 9. Master Association Assessments. Unless waived in writing by the Master Association, which waiver may be conditioned or revoked at any time by the Board of Directors of the Master Association in its sole and absolute discretion, Candler Hills Neighborhood Association shall include in its Annual Assessment budget, collect and remit to the Master Association as and when required by the Master Declaration all assessments levied by the Master Association pursuant to the Master Declaration with respect to Residential Units under the jurisdiction of Candler Hills Neighborhood Association. Any failure or delinquency in payment by any Owner of any Assessment due Candler Hills Neighborhood Association shall not affect the obligation of Candler Hills Neighborhood Association to pay when due to the Master Association all assessments and other charges levied on Candler Hills Neighborhood Association by the Master Association pursuant to the Master Declaration. If for any reason Candler Hills Neighborhood Association fails to pay when due any assessment or other charge levied by the Master Association, then, in addition to having and pursuing against Candler Hills Neighborhood

Association all rights and remedies available at law and in equity to enforce Candler Hills Neighborhood Association's collection and payment obligations, the Master Association may pursue collection of the unpaid amounts, with late charges, if any, interest and Enforcement Expense, against the Owners in Candler Hills, and the Master Association shall be subrogated to, and entitled to rely on and enforce, Candler Hills Neighborhood Association's assessment lien and other rights against the Owners and Residential Units in Candler Hills for that purpose.

Section 10. Deferred Payments. The Board shall have the discretion (but not the obligation) to collect any Assessment in installments at such payment intervals as it shall determine. The Board shall also be permitted (but not required) 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 maximum rate permitted by applicable law. The Board may accelerate the unpaid balance of any Assessment upon default in the payment of any installment thereon.

Section 11. Collection by Other Associations. In the case of any portion of Candler Hills developed into condominium, cooperative or other multifamily Residential Units, Declarant may require the applicable condominium or other owner's association to collect and remit to Candler Hills Neighborhood Association any Assessments levied by Candler Hills Neighborhood Association on the Residential Units under the jurisdiction of that condominium or other owner's association.

Section 12. Certificate of Payment. Upon request, Candler Hills Neighborhood Association shall furnish to any Owner liable for any Assessment a certificate in writing signed by an officer of Candler Hills Neighborhood Association setting forth whether the 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.

Section 13. Non-payment. If any Assessment is not paid when due, the delinquent Assessment, together with interest thereon, any late charges imposed by the Board at its discretion, and Enforcement Expense shall all be secured by a continuing lien on the Residential Unit with respect to which the Assessment accrued. The lien shall run with and bind the title to the Residential Unit until all unpaid amounts are fully paid. In the case of a non-condominium residential apartment building, the lien shall attach to the underlying land and improvements as a whole. The lien shall be prior to all other liens and interests hereafter created except liens for taxes or assessments levied by governmental authority. The personal obligation of an Owner to pay the delinquent Assessment, interest, late charges and Enforcement Expense shall also remain his or her personal obligation for the statutory limitations period and shall not pass to his or her successor in title unless expressly assumed, and no such assumption shall relieve any Owner personally obligated from such Owner's personal liability for the delinquent Assessment, interest, late charges and Enforcement Expense.

Any Assessment or installment thereon not paid within thirty (30) days after the due date shall bear interest from the date due at the highest rate allowed by law, or at such lesser rate as may be determined by the Board and uniformly applied, and Candler Hills Neighborhood 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 Residential Unit, and there shall be added to the amount of such Assessment the aforesaid interest, late charges, if any, and Enforcement Expense, and Enforcement Expense shall be recoverable by Candler Hills Neighborhood Association whether or not suit is brought.

Candler Hills Neighborhood Association is authorized to record a notice of lien against any Residential Unit for any delinquent Assessment, interest, late charges and Enforcement Expense and, if it does so, Candler Hills Neighborhood Association shall be entitled to impose a lien fee in the amount set by the Board. The lien fee shall be added to the unpaid Assessment and it shall also be secured by the lien.

Section 14. Special Possessor/Transferee. The foregoing is subject to the qualification set forth in this section regarding the maximum liability of any lender in possession of a Residential Unit, any receiver appointed with regard to a Residential Unit, any lender that acquires title to a Residential Unit by deed in lieu of foreclosure or any purchaser of a Residential Unit at a foreclosure sale (individually, a "Special Possessor/Transferee") for payment of delinquent Assessments that fall due before the taking of possession or ownership of the applicable Residential Unit by the Special Possessor/Transferee.

If either Candler Hills Neighborhood Association or the Master Association notifies any Special Possessor/Transferee, in writing, of the applicable Owner's failure to pay an Assessment and such notice is given within five (5) months after the first delinquent Assessment came due, then the Special Possessor/Transferee so notified shall be liable for all delinquent Assessments charged by Candler Hills Neighborhood Association against the applicable Residential Unit, plus interest, late charges and Enforcement Expense.

If neither Candler Hills Neighborhood Association nor the Master Association notifies the Special Possessor/Transferee, in writing, of the applicable Owner's failure to pay an Assessment within the said five (5) month period, then the liability of a Special Possessor/Transferee to pay Assessments coming due prior to the taking of possession or ownership of the applicable Residential Unit by that Special Possessor/Transferee shall be limited to an amount equal to the Assessments charged by Candler Hills Neighborhood Association for the first six (6) months following the defaulting Owner's failure to pay the first delinquent Assessment, plus interest, late charges and Enforcement Expense.

If neither Candler Hills Neighborhood Association nor the Master Association gives such notice, the lien of Candler Hills Neighborhood Association against the Residential Unit for unpaid Assessments in excess of the maximum liability provided above shall be waived by Candler Hills Neighborhood Association and the excess of the amount of Assessments owed over the said maximum liability shall be deemed to be a Common Expense that shall be divided equally among, payable by and a lien against all Residential Units subject to assessment by Candler Hills Neighborhood Association, including but not limited to the Residential Unit as to which the possession, receivership, conveyance in lieu of foreclosure, or foreclosure sale took place; provided, however, that the personal obligation of such defaulting Owner shall continue and the Board may, at its discretion, commence any proceedings available to collect such unpaid Assessments, plus interest, late charges and Enforcement Expense. The potential waiver of delinquent Assessments pursuant to this section shall not, however, apply to any Assessments which are assessed and become due for any period of time following the taking of possession or ownership of the applicable Residential Unit by the Special Possessor/Transferee.

Section 15. Declarant Subsidy. Until not later than when Declarant is no longer entitled to appoint a majority of the members of the Board of Candler Hills Neighborhood Association, Declarant may pay the operating expenses incurred by Candler Hills Neighborhood Association in excess of the Assessments receivable from other Owners and other income of Candler Hills Neighborhood Association. So long as Declarant pays the shortfall described in the preceding sentence, Declarant shall be exempt from payment of Assessments with respect to all Residential Units in Candler Hills owned by Declarant. Declarant may at any time deliver written notice to Candler Hills Neighborhood Association of Declarant's election to stop paying the operating deficits of Candler Hills Neighborhood Association. Following termination or expiration of Declarant's shortfall payments under this section, Declarant shall commence paying in accordance with this Declaration the applicable per-Residential Unit Assessments for each assessable Residential Unit then owned by Declarant in Candler Hills, prorated for the year in which such payment commences.

Section 16. Working Capital. There shall be paid to Candler Hills Neighborhood Association for each Residential Unit in Candler Hills a one-time only contribution to the working capital of Candler

Hills Neighborhood Association ("Working Capital Assessment") equal to two twelfths (2/12) of the Annual Assessment rate then applicable to that Residential Unit. As to each non-condominium residential apartment unit, the Working Capital Assessment shall be paid to Candler Hills Neighborhood Association by the apartment developer upon issuance of the applicable certificate of occupancy or equivalent by the applicable governmental authority. As to each other Residential Unit, the Working Capital Assessment shall be paid to Candler Hills Neighborhood Association by the Owner (other than Declarant) or purchaser of the Residential Unit upon the earlier of: (a) the first occupancy of that Residential Unit; or (b) the closing of the sale of that Residential Unit (improved or unimproved) to the first purchaser who is not a licensed home builder purchasing the Residential Unit for resale in the ordinary course of the purchaser's home building business. Working Capital Assessments are not advance payments of Annual Assessments or Special Benefit Area Assessments. Working Capital Assessments shall not be returned to the Owner by Candler Hills Neighborhood Association under any circumstance, including, without limitation, sale of the Owner's Unit. Candler Hills Neighborhood Association shall also collect and remit to the Master Association when due the working capital assessments due the Master Association pursuant to the Master Declaration.

ARTICLE X

ARCHITECTURAL, LANDSCAPE AND SITE PLAN CONTROL

Section 1. Candler Hills ARB. For so long as Declarant shall own any portion of Candler Hills or shall have the right to annex Additional Property to this Declaration, Declarant shall be entitled to appoint all members of the Candler Hills ARB. Thereafter, the Board shall determine the membership of the Candler Hills ARB. The Candler Hills ARB shall consist of no less than three (3) members, none of who shall be required to be Owners or occupants of Candler Hills. Declarant may at any time assign in writing to any entity or person Declarant's powers of removal or appointment, subject to such terms and conditions as Declarant may choose to impose. A majority of the members of the Candler Hills ARB shall constitute a quorum for transacting business, and the concurrence of a majority of the members of the Candler Hills ARB shall be required for any decision of the Candler Hills ARB.

Section 2. Candler Hills Planning Criteria. The Candler Hills ARB may adopt the Candler Hills Planning Criteria and the Candler Hills ARB may amend the Candler Hills Planning Criteria from time to time. The Candler Hills Planning Criteria shall be set forth in writing and made available to all builders and developers doing business in Candler Hills, and to all Owners and prospective Owners of Residential Units in Candler Hills. The Candler Hills Planning Criteria may include any matters considered appropriate by the Candler Hills ARB not inconsistent with the provisions of the Governing Documents, including but not limited to height, size and placement of improvements, standards for water conservation and design of irrigation systems, construction deposits in amounts required by the Candler Hills ARB to ensure repair and replacement of damage resulting from construction activities, and, pursuant to Section 5 of Article XVIII, fines for violations of the Candler Hills Planning Criteria or the terms of this article. The foregoing is subject to the limitation that, for so long as Declarant shall own any portion of Candler Hills or shall have the right to annex Additional Property to this Declaration, the Candler Hills Planning Criteria and all amendments thereto must be submitted to Declarant and approved in writing by Declarant prior to adoption or implementation. After Declarant's said right of approval expires, the Candler Hills Planning Criteria and all amendments thereto must be submitted to the Board of Candler Hills Neighborhood Association and, unless waived in writing by the Board of Directors of the Master Association, to the Board of Directors of the Master Association, and approved in writing by both boards prior to adoption or implementation.

Section 3. Approval Requirement. Except as otherwise provided in this Declaration, all improvements, and all alterations and additions to improvements, in Candler Hills are subject to architectural, landscape and site plan review by the Candler Hills ARB. This review requirement does not

apply to the Community Amenity Property or to any improvement, alteration or addition that will not be visible from the exterior of the building. Except as otherwise expressly provided in this Declaration, no site work, landscaping, utility extension, sidewalk, drainage improvement, irrigation system, driveway, parking area, fence, wall, barrier, mailbox, deck, patio, greenhouse, awning, exterior lighting, garage, screen enclosure, swimming pool, spa, tennis court, basketball court, basketball standard, basketball backboard, swing set or other play structure, residence, building, outbuilding, or any other improvement, or any exterior alteration or addition to any improvement, may be constructed, installed or maintained in Candler Hills unless and until the plans, specifications and site plans for the proposed improvement, alteration or addition (collectively, "Required Plans") have been submitted to and approved in writing by the Candler Hills ARB. All Required Plans submitted to the Candler Hills ARB for approval must comply with the form, content and detail requirements promulgated and amended from time to time by the Candler Hills ARB.

Unless waived by the Candler Hills ARB, all Required Plans shall be prepared by a Florida licensed or certified architect or engineer or landscape designer employed by and at the expense of the Owner making application. Two (2) sets of Required Plans shall be submitted to the Candler Hills ARB by the Owner prior to applying for a building permit.

The Candler Hills ARB may establish fees sufficient to cover the expenses of reviewing Required Plans and to compensate any consulting architects, landscape architects, engineers, urban designers, inspectors or attorneys retained by the Candler Hills ARB.

Section 4. Approval or Disapproval. Required Plans, and any resubmission thereof, shall be approved or disapproved within thirty (30) days after receipt by the Candler Hills ARB. The Candler Hills ARB approval or disapproval shall be in writing and shall accompany one (1) set of Required Plans to be returned to the Owner. Whenever the Candler Hills ARB disapproves any Required Plans, the disapproval shall be accompanied by a written outline of the reason or reasons for such disapproval. The remaining set of Required Plans shall be property of the Candler Hills ARB. If the Candler Hills ARB fails to respond to any initial submission or re-submission of any Required Plans within said thirty (30) days, the Owner may give to the Candler Hills ARB notice of such failure to respond (specifically citing this Declaration and this provision) and stating that, unless the Candler Hills ARB delivers notice of its approval or disapproval within ten (10) days after receipt of such notice, then approval of such Required Plans shall be deemed granted. Thereafter, if the Candler Hills ARB fails to notify the Owner within such ten (10) day period of the approval or disapproval of the Required Plans submitted or resubmitted, the Candler Hills ARB shall be deemed to have approved the Required Plans last submitted, provided that the same are otherwise in conformity with the Governing Documents, Community-Wide Standard and Neighborhood-Wide Standard.

Approval of Required Plans for any proposed improvement, alteration or addition may be denied by the Candler Hills ARB because of noncompliance with the Governing Documents, the Community-Wide Standard (as defined in the Master Declaration), the Neighborhood-Wide Standard or the Master Planning Criteria (as defined in the Master Declaration), or because of the dissatisfaction of the Candler Hills ARB with any characteristic of the proposed improvement, alteration or addition, such as but not limited to the location, drainage, elevation, topography, architectural style, design, proportions, color, materials, finishes, landscaping or harmony with neighboring structures.

Upon approval by the Candler Hills ARB, it shall be conclusively presumed that the location and exterior of any building, structure or other improvement placed or constructed in accordance with the approved Required Plans do not violate the Governing Documents. The approval of any Required Plans by the Candler Hills ARB shall not be deemed to be a waiver by the Candler Hills ARB of its right to object to any feature or element included in such Required Plans if or when the same feature or element is included in any Required Plans subsequently submitted to the Candler Hills ARB.

The conclusion and opinion of the Candler Hills ARB shall be binding. The Candler Hills ARB shall have the sole discretion to determine whether the Required Plans for any proposed improvement, alteration or addition submitted for approval are acceptable to the Candler Hills ARB. If in its opinion, for any reason, including purely aesthetic reasons, the Candler Hills ARB should determine that any proposed improvement, alteration or addition is not acceptable, such alteration or improvement shall not be made.

Section 5. Term of Approval. Approval by the Candler Hills 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 4 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 by the Candler Hills ARB in accordance with this article.

Section 6. Violations. The work approved must be performed strictly in accordance with the Required Plans as submitted and approved. If after any Required Plans have been approved, the improvements are constructed, altered or maintained other than as approved by the Candler Hills ARB, such construction, alteration or maintenance shall be deemed to have been undertaken without the approval of the Candler Hills ARB having been obtained as required by this Declaration.

Following approval of any Required Plans by the Candler Hills ARB, representatives of the Candler Hills ARB shall have the right during reasonable hours to enter upon and inspect any property or improvements with respect to which construction is underway within Candler Hills to determine whether or not Required Plans have been approved and are being complied with.

After the expiration of one (1) year from the date of completion of any improvement, alteration or addition, that improvement, alteration or addition shall be deemed (in favor of purchasers and encumbrances in good faith and for value only) to comply with this article unless a notice of such noncompliance executed by any member of the Candler Hills ARB shall have been recorded in the Marion County public records or a legal proceeding shall have been instituted to enforce compliance with this article.

Section 7. Variances. The Candler Hills ARB may authorize variances from compliance with any of the architectural, landscape and site plan review provisions of this Declaration, including without limitation restrictions upon height, size or placement of structures, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing and must be signed by at least two (2) members of the Candler Hills ARB and shall be effective upon delivery to the Owner. If such variances are authorized, no violation of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was authorized. The authorization of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular Residential Unit 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 Residential Unit.

Section 8. Waivers and Disclaimers. None of Declarant, the Master Association, Candler Hills Neighborhood Association, the Candler Hills ARB or any of their respective directors, officers, members, employees or other representatives shall be responsible or liable in any way to anyone submitting Required Plans for approval, to any Owner or occupant of Candler Hills or to anyone else by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval of any Required Plans, the failure to approve or disapprove any Required Plans, any defects in any Required Plans submitted, revised or approved in accordance with the requirements of the Candler Hills ARB, or any structural or other defect in any work done according to such Required Plans. Every

person who submits Required Plans for approval, by submission thereof, and every Owner or occupant of any Residential Unit, by acquiring title to or occupying the Residential Unit, agrees to hold the aforementioned entities and persons harmless from, and to refrain from bringing or participating in, any action, proceeding or suit for damages or other remedy against any of the aforementioned entities or persons in connection with any of the aforementioned matters or circumstances.

The publication and enforcement of the Candler Hills Planning Criteria or any amendments thereto, and any approval of any Required Plans by the Candler Hills ARB, shall be deemed solely for the purpose of protecting and enhancing the aesthetic qualities of Candler Hills. No publication or enforcement of the Candler Hills Planning Criteria or any amendments thereto, and no approval of any Required Plans, shall be construed as a warranty, representation or covenant that the Candler Hills Planning Criteria, as amended, or any approved Required Plans, will, if followed, result in improvements, alterations or additions that are safe or that will comply with applicable law or building, fire or safety codes.

Section 9. Enforcement. Candler Hills Neighborhood Association shall have the standing and authority to enforce in courts of competent jurisdiction the Candler Hills Planning Criteria and the decisions of the Candler Hills ARB and it shall have all remedies available at law and in equity, including without limitation action to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved Required Plans. If Candler Hills Neighborhood Association finds it necessary to enforce the provisions hereof by legal action, Enforcement Expense (whether or not judicial proceedings are instituted) shall be collectible from the violating Owner. In addition, should any Owner fail to comply with the requirements hereof within thirty (30) days after written notice, Candler Hills Neighborhood Association shall have the right to enter upon the Owner's Residential Unit, make such corrections or modifications as are necessary, or remove anything in violation of the Governing Documents, and charge the cost thereof as an Individual Assessment against the violating Owner and his or her Residential Unit. None of Candler Hills Neighborhood Association or its Members, directors, officers, employees, or other representatives or contractors shall be liable to the Owner or to any occupant or invitee of any Residential Unit for any trespass or damages or injury to property or person in connection with such actions except to the extent caused by gross negligence or intentional wrongdoing.

Section 10. Exempt Property. This Article shall not apply to any Community Amenity Property, any property owned by Declarant while such property is owned by Declarant, or any Residential Unit owned by a licensed homebuilder while such Residential Unit is held for the purpose of constructing improvements thereon for resale. Accordingly, the design, construction, installation and placement of any buildings, landscaping, golf course, parking or other improvements on any Community Amenity Property, any property owned by Declarant while such property is owned by Declarant, or any Residential Unit owned by a licensed homebuilder while such Residential Unit is held for the purpose constructing improvements thereon for resale, shall all be exempt from compliance with the provisions of this article.

Section 11. Delegation by Master Association. The Master Association shall be entitled to delegate to Candler Hills Neighborhood Association, and Candler Hills Neighborhood Association shall accept, perform and exercise, as to the properties and improvements from time to time under the jurisdiction of Candler Hills Neighborhood Association, and upon such terms and conditions as shall be established by the Board of the Master Association, the duty and authority to administer and enforce the architectural, landscape and site plan control provisions of the Master Declaration. However, the Master Association shall also have the right to enforce the architectural, landscape and site plan control provisions of the Master Declaration during the period of any such delegation and the Master Association shall have the right to withdraw any such delegation at will. Candler Hills Neighborhood Association shall not have any power or authority to administer or enforce the architectural, landscape and site plan control provisions of the Master Declaration unless and until the Master Association delegates such power and authority, in writing, to Candler Hills Neighborhood Association.

ARTICLE XI
EXTERIOR MAINTENANCE

Section 1. Owners' Maintenance Responsibility. It shall be the affirmative duty of each Owner at all times to maintain, repair and keep clean and presentable, consistent with the original construction and the Governing Documents, all improvements, lawns, landscaping, grounds and, except to the extent performed by a CDD, the Master Association or Candler Hills Neighborhood Association, all Surface Water Management System Facilities located on that Owner's Residential Unit. All landscaped and grassed areas on each Residential Unit shall be watered by means of an automatic underground sprinkler system which shall be employed to keep all vegetation on the Residential Unit in healthy and presentable condition.

Section 2. Owner Default. In addition to any other remedy Candler Hills Neighborhood Association may have pursuant to this Declaration or under applicable law, Candler Hills Neighborhood Association shall have the right (but not the obligation) to provide exterior maintenance, repair and cleanup upon any Residential Unit and any improvements located thereon in the event the Owner thereof defaults in that Owner's duties as imposed by the Governing Documents.

Prior to performing any maintenance, repair or cleanup on any Residential Unit, the Board shall determine that, in the opinion of the Board, the Residential Unit is in need of maintenance, repair or cleanup and is either detracting from the health, safety or overall beauty of Candler Hills or is interfering or threatening to interfere with the Surface Water Management System Facilities.

Except in the event of an emergency, prior to commencement of any maintenance, repair or cleanup, the Board must furnish seven (7) days prior written notice to the Owner at the last address listed in Candler Hills Neighborhood Association's records notifying the Owner that, unless certain specified maintenance, repair or cleanup is commenced within said seven (7) day period and thereafter diligently pursued to completion, Candler Hills Neighborhood Association may procure the specified maintenance, repair and/or cleanup and charge the expenses thereof as an Individual Assessment against the Owner and his or her Residential Unit. Upon the failure of the Owner to commence in good faith the specified maintenance, repair or cleanup within said period of time and thereafter to pursue the same with diligence to completion, Candler Hills Neighborhood Association shall have the right to enter upon the Residential Unit and the exterior of any improvements located thereon, or to hire personnel or contractors to do so, in order to perform the maintenance, repair and/or cleanup specified in the written notice.

The work that Candler Hills Neighborhood Association shall be entitled (but not obligated) to perform pursuant to this article includes, but it is not limited to, painting, repairing, replacing and caring for roofs, gutters, down spouts, sprinklers and exterior building surfaces; cleaning or resurfacing of paved access ways, driveways and parking areas; trimming and caring for trees, shrubs, grass, walks, swales, berms and other landscaping and drainage improvements; providing pest control; and performing general maintenance, repair, cleanup and removal of underbrush, weeds, stumps, trash, debris and other materials.

None of Declarant, Candler Hills Neighborhood Association, or their respective directors, officers, Members, employees, agents or contractors shall be liable to any Owner, occupant or invitee for any trespass or damages or injury to the property or person of the Owner, occupant or invitee of the affected Residential Unit or any improvements thereon except to the extent resulting from its own gross negligence or intentional wrongdoing.

Section 3. Assessment of Cost. The cost of the maintenance, repair and/or cleanup referred to in Section 2 shall be assessed as an Individual Assessment against the Owner of the Residential Unit upon which such maintenance, repair and/or cleanup is performed. Said Individual Assessment shall be secured

by a lien upon that Owner's Unit and shall also constitute a personal obligation of that Owner. The Individual Assessment shall be collectible along with interest from date of expenditure to date of payment by the Owner, late charges and Enforcement Expense.

Section 4. Easement to Candler Hills Neighborhood Association. Declarant hereby grants to Candler Hills Neighborhood a perpetual, non-exclusive easement over, under and through all Residential Units (excluding the interiors of any building improvements), including but not limited to the exteriors of all building improvements, for the purpose of allowing Candler Hills Neighborhood Association and its directors, officers, employees, agents and contractors to perform or exercise any of Candler Hills Neighborhood Association's rights or duties under the Governing Documents.

Except in the event of an emergency, this easement shall be exercised only during normal business hours and, whenever practical, upon advance notice to the Owner directly affected. In an emergency situation, as determined by the Board in its sole and absolute discretion, entry may be made on any day and at any hour, without notice. Whenever Candler Hills Neighborhood Association, its directors, officers, employees, agents and contractors are permitted by the Governing Documents to enter upon any Residential Unit, the entering thereon and the taking of such action as may be permitted by the Governing Documents shall not be deemed to be trespass.

Without limiting the generality of the foregoing, this easement includes the right (but not the obligation) of Candler Hills Neighborhood Association and any CDD designated in writing by Declarant to enter upon all portions of Candler Hills (excluding the interiors of any building improvements) lying within fifty (50') feet from the edge of any storm water retention area or other portion of the Surface Water Management System Facilities for the purpose of: (a) mowing such area and keeping the same clear and free from unsightly growth and trash, and (b) maintaining the Surface Water Management System Facilities or water feature, such maintenance to include, without limitation, discing and other actions necessary or appropriate for the maintenance of reasonable surface water quality standards.

Section 5. Association Maintenance Responsibility. Except to the extent any of the following are to be maintained by a CDD, it shall be the responsibility of Candler Hills Neighborhood Association to operate and maintain in good and presentable condition and repair, all of the Neighborhood Common Property, Neighborhood Limited Common Property and the Areas of Common Responsibility, together with all improvements from time to time located thereon, including but not limited to maintenance, repair and replacement of all lawns, trees, shrubs, hedges, grass, and other landscaping situated within the Neighborhood Common Property, Neighborhood Limited Common Property and the Areas of Common Responsibility, and without regard to whether Declarant has yet transferred ownership of the Neighborhood Common Property and Neighborhood Limited Common Property to Candler Hills Neighborhood Association.

Section 6. Delegation by CDD. At Declarant's election at any time while Declarant is entitled to appoint any member of the Board, and thereafter at the election of the Board, any CDD may delegate to Candler Hills Neighborhood Association, and Candler Hills Neighborhood Association shall accept and perform, any of the delegating CDDs responsibilities for operating, maintaining, repairing and/or replacing any drainage, landscaping, irrigation, lighting, signage or other areas or improvements located within or in the vicinity of Candler Hills, in which event the expenses of such work shall be allocated on a fair and reasonable basis between Candler Hills Neighborhood Association and the delegating CDD.

ARTICLE XII **MISCELLANEOUS COVENANTS**

The following additional covenants, conditions, restrictions and reservations apply to Candler Hills:

Section 1. Compliance with Law. In addition to complying with the Required Plans approved by the Candler Hills ARB, all improvements constructed on a Residential Unit shall be designed and constructed in compliance with all applicable governmental laws, ordinances, codes, regulations and requirements.

Section 2. Use of Residential Units. Each Residential Unit shall be used for residential purposes only and, except as provided below in this subsection, no trade or business of any kind may be carried on therein. The use of a portion of a Residential Unit as an office by an Owner or other occupant will not violate this covenant if: (a) such use is lawful; (b) such use does not create unreasonable customer, client or employee traffic, as determined by the Board; and (c) Section 5 below is not violated at any time in connection with such use. Lease or rental of a Residential Unit for residential purposes shall also not be considered a violation of this covenant if the minimum term and prior approval requirements of Article XIII are satisfied.

In addition, the Board's rule-making powers shall include the power and authority to adopt rules and regulations which prohibit entirely or which regulate in any manner deemed desirable by the Board, any estate sales, garage sales, yard sales, tag sales or similar activities in Candler Hills.

Section 3. Water Wells and Septic Tanks. No private water well or septic tank may be drilled, installed or maintained on any Residential Unit in Candler Hills.

Section 4. Landscaping. Landscaping as approved by the Candler Hills ARB shall be installed prior to occupancy of the building improvements on each Residential Unit. No landscaping on any Residential Unit shall be installed or maintained within any golf course setback line established by Declarant except with prior written approval of the Candler Hills ARB and the Community Amenities Provider.

Section 5. Graphic Materials or Devices. No sign, solicitation, advertisement, notice, letters or other graphic material or device, including but not limited to any "for rent" or "for sale" signs or notices, may be exhibited, displayed, inscribed, painted or affixed upon any part of the Neighborhood Common Property or Neighborhood Limited Common Property without the prior written consent of the Board. Also, no sign, solicitation, advertisement, notice, letters or other graphic material or device, including but not limited to any "for rent" or "for sale" signs or notices, may be exhibited, displayed, inscribed, painted or affixed upon the exterior of any Residential Unit or vehicle in Candler Hills (or on or within any window or other place visible from the exterior of any Residential Unit or vehicle in Candler Hills) without the prior written consent of the Candler Hills ARB. The restrictions of this section shall not apply to any sign, solicitation, advertisement, notice, letters or other graphic material or device that is exhibited, displayed, inscribed, painted or affixed: (a) by Declarant; (b) as required by applicable law or legal proceeding; or (c) as permitted by any sign easement granted or reserved by Declarant or Candler Hills Neighborhood Association.

Section 6. HVAC Equipment. No heating, air conditioning or ventilation equipment that would be visible on the exterior of any improvement shall be permitted on any Residential Unit in Candler Hills except with the prior written approval of the Candler Hills ARB and installation of such screening as may be required by the Candler Hills ARB. At its election, the Candler Hills ARB may prohibit window air conditioning units in Candler Hills.

Section 7. Subdivision and Additional Restrictions. For so long as Declarant owns any portion of Candler Hills or has the right to annex Additional Property to this Declaration, no part of Candler Hills may be subdivided or re-subdivided, and no additional covenants or restrictions (beyond those contained in this Declaration or in any Supplemental Declaration) may be imposed on any portion of

Candler Hills, without the prior written consent of Declarant. Thereafter, any such subdivision, re-subdivision or additional covenants and restrictions shall require the prior written consent of the Board; provided, however, that Declarant may at any time subdivide, re-subdivide or impose additional covenants and restrictions on any property then owned by Declarant without the consent of the Board or anyone else.

Section 8. Construction, Reconstruction and Repair. After commencement of construction, reconstruction or repair of any improvement on any Residential Unit in Candler Hills, 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 necessary for completion thereof. The Owner of the Residential Unit on which improvements are being constructed shall at all times keep public and private streets contiguous to the Residential Unit free from any dirt, mud, trash or debris associated with any construction, reconstruction or repair of improvements. During construction, reconstruction or repair, the Owner shall require its contractors to maintain the Residential Unit upon which such work is being done in a reasonably clean and uncluttered condition and, to the extent possible, all trash and debris shall be kept in refuse containers. Upon completion of the construction, reconstruction or repair, the Owner shall cause its contractors to immediately remove all equipment, tools, and construction material, trash and debris from the Residential Unit. This section shall not apply to Declarant.

Section 9. Excavation. No clearing or excavation shall be made except during or after construction, maintenance or repair of an improvement; and upon completion thereof exposed openings shall be back-filled, and disturbed ground shall be leveled, graded and seeded, as provided on the approved plans for landscaping.

Section 10. Mailboxes. No mailboxes shall be permitted in Candler Hills unless and until approved by the Candler Hills ARB, and subject to such requirements as may be imposed by the Candler Hills ARB.

Section 11. Solar Collectors. Candler Hills ARB shall have the authority to determine the specific location where any solar collector may be installed on the roof within an orientation to the south or within forty five (45) degrees east or west of due south provided that such determination does not impair the effective operation of the solar collector.

Section 12. Trees and Other Significant Vegetation. Except for any tree, shrub or other vegetation located under or within six (6) feet of a permitted improvement to a Residential Unit, no tree or shrub on any Residential Unit that has a trunk diameter of three (3) inches or more at a point four (4) feet above ground level, and no other vegetation designated for protection from time to time by the Candler Hills ARB, may be removed or damaged by anyone other than Declarant without prior written approval of the Candler Hills ARB. Any dead or diseased tree, shrub or other vegetation which is inspected and certified as dead or diseased by the Candler Hills ARB shall be removed promptly by the Owner of the applicable Residential Unit. In the event of conflict between the provisions of this section and any law pertaining to removal or damage of trees, shrubs or other vegetation, the more restrictive of the two shall apply.

Section 13. Conversion of Garage. No garage in Candler Hills may be converted to office or living area without the prior written approval of Candler Hills ARB approval.

Section 14. Lights. The design, number and location of all exterior light fixtures and other illumination devices on Residential Units in Candler Hills shall require the prior written approval of the Candler Hills ARB. No light fixtures or other illumination devices, including but not limited to holiday lighting displays and ornaments, located anywhere on the structures or grounds of a Residential Unit shall

be located, directed and of such intensity and number so as not to affect adversely, in the opinion of the Candler Hills ARB, the night-time environment of any adjoining property.

Section 15. Water Conservation. In addition to the power to make and enforce its own rules and regulations pursuant to Section 7 of Article III of this Declaration regarding, among other things, water conservation and consumption, Candler Hills Neighborhood Association shall have the power and authority (if and to the extent deemed desirable by the Board) to enforce water conservation requirements and water consumption restrictions imposed by the District or any applicable CDD. In addition, Candler Hills Neighborhood Association shall take reasonable steps to cooperate with the Community Amenities Provider for the purpose of implementing any golf course management plan applicable to any Community Amenity Property, including but not limited to adoption of such reasonable rules and regulations regarding water quality and consumption as may be necessary to permit the Community Amenities Provider to comply with the applicable golf course management plan.

Section 16. 55 and Older Community. Candler Hills has been designated as housing for persons who are fifty five (55) years of age or older. At least eighty percent (80%) of the Residential Units in Candler Hills must be occupied by at least one person who is fifty five (55) years of age or older. In order to ensure that Candler Hills qualifies as housing for persons fifty five (55) years of age or older under the Federal Fair Housing Act (42 U.S.C. 3601, et seq.), satisfies the occupancy and age verification requirements of Rule 100.307 of the U.S. Department of Housing and Urban Development (24 C.F.R. 100.307), and complies with the requirements of the Florida Fair Housing Act (Chapter 760, Florida Statutes) and the rules and regulations of the Florida Commission on Human Relations, a survey of the residents of Candler Hills will be conducted and updated by Candler Hills Neighborhood Association as and to the extent required by applicable law. Each Owner and resident shall cooperate with Candler Hills Neighborhood Association in its efforts to comply with the requirements of the above-mentioned acts and rules and regulations, and with all other applicable laws. Such cooperation shall include (but shall not be limited to) providing to Candler Hills Neighborhood Association, within 10 days after written request, such information (such as but not limited to identification of whether at least one occupant of the Residential Unit is fifty five (55) years of age or older and the current age or date of birth of such person) and signed surveys, sworn affidavits, certifications and other reliable, legally sufficient documentation as may be required from time to time by Candler Hills Neighborhood Association.

Declarant and Candler Hills Neighborhood Association shall have the authority to make any additional capital improvements upon the Neighborhood Common Property and Neighborhood Limited Common Property necessary to provide facilities or services specifically designed to meet the requirements of the Fair Housing Act, as amended, and other applicable laws.

No child under the age of seventeen (17) years shall be allowed to reside in any Residential Unit in Candler Hills. An Owner who owns and occupies his or her own Residential Unit may permit one (1) minor only to reside in the Residential Unit with him or her, but only if the minor is at least seventeen (17) years of age and a member of that Owner's family. The test for residency by minors shall be either (a) residency in any Residential Unit for any period exceeding one (1) month, accompanied by enrollment in a public or private school or institution located within Marion County, Florida, or (b) residency in any Residential Unit for a cumulative period of six (6) months or longer.

Section 17. Restrictions on Use of Certain Words. In addition to any other intellectual property protections to which Declarant may be entitled, no person or entity may use the words or phrases "On Top of the World", "Circle Square", "Colonnades", "Bay Laurel", "Indigo East", "Candler Hills" or "Earl Township", or any derivative of any of the foregoing, in any printed or promotional material without Declarant's prior written consent. The foregoing restriction is subject to the limitation that Owners may use the aforementioned words or phrases, or derivatives thereof, in printed or promotional material where

such words or derivatives are used solely to specify that particular property is located within Circle Square Ranch or Candler Hills.

ARTICLE XIII **TRANSFERS AND MORTGAGES OF UNITS**

Section 1. Approval Requirement. In order to promote and maintain a community of residents who have sufficient financial ability to pay in a timely manner the Assessments, taxes and other financial obligations associated with residency in Candler Hills, to promote and enforce compliance with the requirements of the Governing Documents, and to enhance the health, happiness and peace of mind of the majority of the Owners and occupants of Candler Hills, the sale, disposition, lease, transfer and occupancy of Residential Units shall be subject to compliance with the requirements of this article. No Owner may sell, dispose of, lease or otherwise transfer the Owner's interest in a Residential Unit, and no Residential Unit may be occupied, without the prior written approval by Candler Hills Neighborhood Association of the proposed new owner, lessee or occupant, which approval may not be withheld for any reason based on race, religion, national origin, marital status, sex, sexual orientation or handicap.

Section 2. Gift, Devise and Inheritance. Without limiting the generality of Section 1, if any Owner shall acquire a Residential Unit by gift, devise or inheritance, the continued ownership and the occupancy of the Residential Unit by such Owner shall be subject to the approval of Candler Hills Neighborhood Association in accordance with this article.

Section 3. Lease. Without limiting the generality of Section 1, no Owner may lease the Owner's Residential Unit without the prior written consent of Candler Hills Neighborhood Association, and in no event may any Owner lease an unfurnished Residential Unit for a period of less than one (1) year, or a fully furnished Residential Unit for a period of less than six (6) months and one (1) week.

Section 4. Other Transfers. If any Owner shall acquire his or her Residential Unit by any manner not considered in the foregoing sections, including but not limited to any lender or lender's designee acquiring a Residential Unit through foreclosure or by deed in lieu of foreclosure, the continued ownership and occupancy of the Residential Unit shall be subject to the approval of Candler Hills Neighborhood Association, except for Residential Units held in joint tenancy, as tenants by the entirety, or as tenants-in-common where the surviving tenant or tenants take by devise or operation of law.

Section 5. Approval or Disapproval by Association. Approval of Candler Hills Neighborhood Association as required for the transfer of ownership or taking of occupancy of Residential Units shall be by majority vote of the Board and shall be obtained in the following manner:

(a) **Sale, Transfer or Lease.** Any Owner intending to make a bona fide sale or other transfer of his or her Residential Unit, or any interest therein, or a bona fide lease of his or her Residential Unit, shall, not less than thirty (30) days prior to the date scheduled for closing the conveyance of such Residential Unit or the commencement of the term of such lease, give Candler Hills Neighborhood Association written notice of such intention, together with the name and address of the intended purchaser, transferee or lessee, and such other information concerning the intended purchaser, transferee or lessee as the Board may reasonably require. All notices hereunder shall be accompanied by an executed copy of the proposed contract or lease for such Residential Unit. The prospective purchaser, transferee or lessee may be required to attend an in-person interview as part of the review process.

(b) **Gift, Devise, Inheritance or Other Transfer.** Any person or entity who has obtained an interest in a Residential Unit by gift, devise or inheritance, or by any other manner not listed in Subsection (a) above, including, without limitation, any lender or other transferee taking through

foreclosure or by deed in lieu of foreclosure, shall give to Candler Hills Neighborhood Association such notice of its acquisition of such Residential Unit within thirty (30) days after acquiring such interest, together with such information concerning such transferee as Candler Hills Neighborhood Association may reasonably require, and a certified copy of the instrument evidencing such transferee's interest. In case such transferee wishes to take occupancy of a Residential Unit, such transferee shall then be considered for approval in the manner provided for contract vendees and proposed lessees in Subsection (a) hereof, and if not approved, such transferee shall have no right to occupy the Residential Unit. In any event, such transferee shall have the right to sell, lease or otherwise transfer the Residential Unit, subject to the approval of the proposed purchaser, lessee or transferee by Candler Hills Neighborhood Association as provided in Subsection (a) hereof.

(c) **Notice of Approval or Disapproval.** If the notice required hereunder is given to Candler Hills Neighborhood Association, all information with respect to the proposed purchaser, transferee, lessee or occupant is furnished to Candler Hills Neighborhood Association and, if requested, such proposed purchaser, transferee, lessee or occupant attends an interview, Candler Hills Neighborhood Association shall either approve or disapprove such proposed purchaser, transferee, lessee or occupant within thirty (30) days after receipt or completion of all of the aforementioned information and documentation. If Candler Hills Neighborhood Association fails to either approve or disapprove such proposed purchaser, transferee, lessee or occupant within such thirty (30) day period, Candler Hills Neighborhood Association shall be deemed to have approved such purchaser, transferee, lessee or occupant and shall execute any instrument to that effect reasonably requested by such purchaser, transferee, lessee or occupant.

(d) **Failure to Give Notice or Information.** If any notice or information required to be given to Candler Hills Neighborhood Association pursuant to Subsections (a) or (b) above is not given, then Candler Hills Neighborhood Association shall have six (6) months after receiving actual knowledge of the transaction or event transferring any interest in or occupancy of a Residential Unit to either approve or disapprove the purchaser, transferee, lessee or occupant of such Residential Unit.

Section 6. Sale. If a proposed sale, disposition or other transfer of an Owner's interest in a Residential Unit is approved or deemed approved by Candler Hills Neighborhood Association as provided herein, the approval shall be so stated in a certificate executed by the Chairman of the Board, or by any other member of the Board designated by the Chairman to perform such function, which shall thereafter be recorded in the Marion County public records, at the expense of the transferee.

Section 7. Occupancy or Lease. If the proposed transaction is the occupancy of a Residential Unit by a purchaser or other transferee of a Residential Unit, or the lease of a Residential Unit, the Owner shall be advised of the approval or disapproval of such occupancy or lease by written notice from the Chairman of the Board or by any other member of the Board designated by the Chairman to perform such function.

Section 8. Disapproval by Association. Candler Hills Neighborhood Association shall have the right to disapprove any proposed purchaser, lessee, transferee or occupant for any reason other than race, religion, national origin, marital status, sex, sexual orientation or handicap. Without limiting the generality of the preceding statement, disapproval may be based upon any of the following reasons (collectively, the "Special Considerations"): (a) failure of the Owner or proposed purchaser, lessee, transferee or occupant to comply with Section 5 or Section 8 of this Article; (b) failure of the proposed occupant to comply with Section 16 of Article XII of this Declaration; (c) reasonable doubt on the part of Candler Hills Neighborhood Association that a proposed occupant is mentally or physically capable of living independently in the absence of assistance and the proposed occupant fails to provide reasonably satisfactory evidence of the availability of required assistance; and (d) noncompliance with, or violation of, any other express requirement or provision of the Governing Documents by the applicable Owner,

purchaser, lessee, transferee or occupant. If Candler Hills Neighborhood Association or its delegate disapproves of the sale, disposition, lease or other transfer the Owner's interest in a Residential Unit, or the occupancy of a Residential Unit, due to non-satisfaction of any one or more of the Special Considerations, the proposed transaction or occupancy shall not occur or be taken. If Candler Hills Neighborhood Association or its delegate disapproves of the sale, disposition, lease or other transfer the Owner's interest in a Residential Unit, or the occupancy of a Residential Unit, for any reason other than non-satisfaction of any one or more of the Special Considerations, the matter shall be disposed of in the following manner:

(a) **Sale, Gift, Devise, Inheritance, or Other Transfers.** Within thirty (30) days after receipt of notice of sale or transfer and information required to be furnished, Candler Hills Neighborhood Association or its delegate shall deliver or mail by certified or registered mail to the Residential Unit Owner an agreement to purchase the Residential Unit by Candler Hills Neighborhood Association or its delegate or by a purchaser approved by Candler Hills Neighborhood Association, in which event the Residential Unit owner shall sell the Residential Unit to the named purchaser on the following terms:

(i) The sales price shall be the contract price or the fair market value of the Residential Unit, whichever is lower. In the absence of agreement as to price, the fair market value shall be determined by appraisal. The procedure will be as follows:

(ii) Candler Hills Neighborhood Association and the Residential Unit Owner shall each select one appraiser, and the two appraisers so selected shall select a third appraiser, and the three appraisers shall base their determination upon an average of their appraisals of the Residential Unit; and a judgment of specific performance of the sale based upon the value established by the appraisers may be entered in any court of competent jurisdiction. The expense of the appraisals be shared equally by the Residential Unit Owner and Candler Hills Neighborhood Association. The appraisers shall be real estate appraisers licensed as such by the State of Florida.

(iii) The purchase price shall be payable in cash.

(iv) The sale shall be closed within thirty (30) days of the Agreement for Sale or, in the event of determination of value by appraisal pursuant to the foregoing procedure, within thirty (30) days of establishment of value pursuant to the foregoing appraisal procedure, whichever occurs first.

(v) If Candler Hills Neighborhood Association fails to provide a purchaser upon the demand of a Residential Unit Owner in the manner provided, or if the purchaser furnished by Candler Hills Neighborhood Association, or Candler Hills Neighborhood Association itself, shall default in its agreement to purchase, then, notwithstanding the disapproval, the proposed transaction shall be deemed to have been approved, and Candler Hills Neighborhood Association shall furnish a Certificate of Approval, as elsewhere provided, which shall be recorded in the Marion County public records, at the expense of the transferee.

(b) **Lease or Occupancy.** If the proposed transaction to be disapproved is a proposed lease or occupancy of a Residential Unit, the Residential Unit Owner shall be advised of the disapproval in writing and the lease or occupancy shall not be made or taken.

(c) **Mortgages.** Total mortgage debt, home equity loans and other indebtedness secured by liens encumbering any Residential Unit may not at any time exceed eighty percent (80%) of the purchase price paid for the Residential Unit by the Owner. Except for mortgage(s) securing indebtedness not exceeding the limit set forth in the preceding sentence, no Owner of any Residential Unit in Candler Hills may mortgage his or her Residential Unit, or any interest therein, without the prior written approval of Candler Hills Neighborhood Association. The approval or disapproval of any mortgage other than one or

more mortgages securing indebtedness not exceeding in the aggregate the limit set forth above shall be upon such terms and conditions as may be imposed by Candler Hills Neighborhood Association, and approval may be arbitrarily withheld.

(d) **Unauthorized Transactions.** Any sale, disposition, lease or other transfer, any occupancy, and any mortgage not authorized pursuant to the terms hereof shall be void unless subsequently approved by Candler Hills Neighborhood Association as herein provided for. Candler Hills Neighborhood Association may initiate and pursue (but shall not be obligated to initiate or pursue) any legal or equitable action or other lawful means to remove from any Residential Unit any person whose occupancy has not been approved in writing by Candler Hills Neighborhood Association.

(e) **Fee.** Candler Hills Neighborhood Association may charge an application fee in an amount established and adjusted from time to time by the Board for the purpose of covering the expenses incurred by Candler Hills Neighborhood Association for the administration of the approval process set forth in this article.

Section 9. Right of Declarant and Affiliates to Convey, Mortgage and Lease. The provisions of this article shall not apply to Declarant and/or its Affiliates, who shall have the right at any time and from time to time to assign, sell, transfer, mortgage, hypothecate, pledge and lease any and all Residential Units or any interest therein without the consent of Candler Hills Neighborhood Association.

Section 10. Foreclosures. The foregoing restrictions on transfers and mortgages shall not limit or restrict in any way the right of a lender to foreclose any mortgage not prohibited by this article, or the right of a lender or anyone else to purchase a Residential Unit at a foreclosure sale or to accept a deed in lieu of foreclosure with respect to any mortgage not prohibited by this article; provided, however, the occupancy of the Residential Unit so acquired, and the subsequent lease and/or resale or other transfer of that Residential Unit by the transferee, shall be subject to the foregoing restrictions on transfers and mortgages.

Section 11. Association's Right to Acquire Units. Candler Hills Neighborhood Association shall have the right, at any time and from time to time, to purchase any one or more Residential Units, in arm's length transactions with Declarant, its Affiliates, or individual Owners, or at a lien foreclosure sale or mortgage foreclosure sale. In the event of any such purchase by Candler Hills Neighborhood Association, the purchase price paid by Candler Hills Neighborhood Association shall be a Neighborhood Common Expense.

Section 12. Rules, Regulations and Standards. The Board is empowered to make reasonable rules, regulations and standards governing the approval or disapproval of transferees, lessees and occupants of Residential Units in Candler Hills, including but not limited to special requirements regarding occupancy of Residential Units owned by any corporation, limited liability company, partnership, limited partnership, limited liability partnership, limited liability limited partnership, trust or other form of artificial entity and limits on the number of Residential Units that may be owned, directly or indirectly, by any artificial entity or its affiliates. However, no person shall be denied the right to purchase, lease or occupy a unit because of race, religion, sex, national origin, marital status, sexual orientation or handicap.

Section 13. Exemption. The foregoing restrictions on transfers and mortgages shall not apply to Declarant or its Affiliates.

ARTICLE XIV
COMMUNITY AMENITY PROPERTY

Section 1. General. Various recreational, cultural and/or educational facilities and services may be provided from time to time by the Community Amenities Provider pursuant to the Existing Services Agreement, the Master Services Agreement or the Candler Hills Services Agreement. The Community Amenities Provider shall not be a Member of Candler Hills Neighborhood Association and it shall not have a vote in the affairs of Candler Hills Neighborhood Association. Neither the Community Amenity Property nor the Community Amenities Provider shall be liable for any Assessments or other charges levied or imposed by Candler Hills Neighborhood Association or subject to any liens or other encumbrances set forth in this Declaration. At any time and from time to time, the Community Amenities Provider may construct, install and modify on the Community Amenity Property, and remove from the Community Amenity Property, such buildings, structures, landscaping and other improvements as may be desired by the Community Amenities Provider without the consent or approval of Candler Hills Neighborhood Association, the Master ARB, any Member or any Owner. Despite anything to the contrary contained in this Declaration, Candler Hills Neighborhood Association shall have no right or obligation to maintain any Community Amenity Property or any of the improvements from time to time located thereon, including but not limited to any Surface Water Management System Facilities located on any of the Community Amenity Property.

Section 2. Ownership and Use. The Community Amenity Property is privately owned and it is not part of the Neighborhood Common Property or Neighborhood Limited Common Property. Nothing contained in this Declaration is intended to or shall make any of the Community Amenity Property subject to the ownership, operation or control of Candler Hills Neighborhood Association. Except to the extent permitted by the Existing Services Agreement, the Master Services Agreement, the Candler Hills Services Agreement or other written agreement entered into by the Community Amenities Provider:

- (a) neither membership in Candler Hills Neighborhood Association nor ownership of any Residential Unit in Candler Hills shall grant any right to use any of the Community Amenity Property;
- (b) no Owner shall have any right to enter upon or use any of the Community Amenity Property;
- (c) the Community Amenities Provider shall have the exclusive right to determine from time to time, in its sole discretion and without prior notice, how and by whom the Community Amenity Property may be used, including potentially (but not limited to) making the Community Amenity Property available for use by members of the general public;
- (d) the Community Amenities Provider shall have the right to approve users and determine eligibility for use, to reserve use rights, to terminate any or all use rights, to change, eliminate or cease operation of any or all of the Community Amenity Property, to transfer all or any portion of the Community Amenity Property or the operation thereof to anyone (including but not limited to a member-owned or equity club) and on any terms, to limit the availability of use privileges, and to require the payment of a purchase price, membership contribution, initiation fee, membership deposit, dues, use charges and other charges for use privileges; and
- (e) the privilege to use the Community Amenity Property shall be determined in the sole and absolute discretion of the Community Amenities Provider, subject to the terms, conditions and rules enacted from time to time by the Community Amenities Provider, subject to any fees and charges imposed from time to time by the Community Amenities Provider, and subject to availability.

Section 3. Non-Interference Covenant. No person shall engage in any obnoxious, offensive, unsightly or noisy activity which shall affect a player's performance on the Community Amenity Property. Furthermore, all Owners and their families, tenants, visitors and pets shall refrain from any actions which may adversely affect, distract from or disturb the use or enjoyment of the Community Amenity Property, such as but not limited to any golf course play or other activity on the Community Amenity Property. Prohibited activities shall include, but not be limited to, any burning of materials where smoke will cross the Community Amenity Property, any maintenance of any animal under conditions which interfere with, distract from or disturb golf course play or other activity on the Community Amenity Property due to barking or other actions, any loud playing of radios, televisions, stereos or other sound-generating devices, any unauthorized running, bicycling, skateboarding, walking or trespassing on the Community Amenity Property, any picking up or moving golf balls, or any other interference with play. Declarant shall have the right to prohibit construction activities during any golf or other tournament or major event on the Community Amenity Property.

ARTICLE XV **PARTY WALLS OR PARTY FENCES**

Section 1. General Rules of Law to Apply. Each wall and fence, if any, built as part of the original construction of any Residential Units within Candler Hills and placed on the dividing line between adjacent Residential Units, or between any Residential Unit and adjoining Neighborhood Common Property or Neighborhood Limited Common Property, and acting as a commonly shared wall or fence shall constitute a party wall or party fence. To the extent not inconsistent with the provisions of this article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to each party wall or party fence which is built as part of the original construction and any replacement of improvements in Candler Hills. In the event any party wall or fence shall protrude over an adjoining Residential Unit, Neighborhood Common Property or Neighborhood Limited Common Property, such structure, party wall or fence shall not be deemed to be an encroachment upon the adjoining lands, and the affected Owner shall neither maintain any action for the removal of the party wall or party fence, nor for damages. In the event there is a protrusion, it shall be deemed that the affected Owner has granted a perpetual non-exclusive easement to the adjoining Owner for continuing maintenance and use of the party wall or party fence. The foregoing shall also apply to any replacements of any party wall or party fence that are constructed in conformity with the original party wall or party fence.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall or party fence shall be shared equally by the Owners who make use of the wall or fence in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall or party fence is destroyed or damaged by fire or other casualty, the Owner of the improvements incidental to the construction of which the party wall or party fence was originally constructed shall restore it, and the Owners of the adjoining lands served by the party wall or party fence shall contribute to the cost of restoration thereof in proportion to the portions of the party wall or party fence adjoining each contributing Owner's lands, but without prejudice, however, to the right of any such Owner to call for a larger contribution from other Owners under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this article, an Owner who by his negligent or willful act causes the party wall or party fence to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Dispute Resolution. If any controversy or claim arises from or relates to a party wall or party fence, or under the provisions of this article, and if the controversy or claim cannot be settled through direct discussions, the parties to the controversy or claim shall endeavor first to settle the controversy or claim by mediation administered by the American Arbitration Association under its Commercial Mediation Rules, or by another mediation method mutually acceptable to the parties involved in the controversy or claim, before resorting to arbitration. Any controversy or claim arising from or relating to a party wall or party fence, or under the provisions of this article, that cannot be resolved through such mediation may be litigated in accordance with Florida law.

ARTICLE XVI **AMENDMENT**

Section 1. Amendments by Owners. Unless a different method of amending any provision of this Declaration is expressly required by this Declaration, and subject to any specific limitations on or requirements for amendment set forth in this Declaration, this Declaration may be amended by the Members in accordance with this section. The Members may change or amend any provision hereof by either one of the following methods: (a) by written agreement setting forth the amendment and signed by the holders of at least two-thirds (2/3) of the votes in Candler Hills Neighborhood Association (without regard to class), or (b) by causing an amendment resolution to be adopted by the Members by vote at meeting duly called for that purpose. A proposed amendment may be initiated by Declarant, by the Board or by petition signed by holders of at least ten percent (10%) of the votes in Candler Hills Neighborhood Association.

If a proposed amendment is to be adopted by vote, a written copy of the proposed amendment shall be furnished to each Member at least thirty (30) days but not more than ninety (90) days prior to the meeting to vote on the proposed amendment, and the affirmative vote required for adoption shall be two thirds (2/3) of the votes of those Members (without regard to class) who shall be present in person or by proxy at a meeting duly called for that purpose.

The amendment shall take effect upon the recordation in the Marion County public records of either one of the following, or at any later date specified in the amendment itself: (a) an executed agreement of the Members, as provided above; or (b) a certified copy of a resolution duly-adopted by vote of the Members, as provided above, and signed by an officer of Candler Hills Neighborhood Association. If applicable, the recorded officer's certificate shall recite that notice was given as required above 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 officer's certificate.

For so long as Declarant shall own any portion of Candler Hills or shall have the right to annex Additional Property to this Declaration, no Declarant related amendment shall be made to any of the Governing Documents unless such amendment is first approved in writing by 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 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 Declaration in a manner which alters Declarant's rights or status; (c) modifies or repeals any provision of Article II of this 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 Member of Candler Hills Neighborhood Association; (e) alters or conflicts with any agreement between Declarant and any

governmental or quasi-governmental authority or utility provider respecting any land use or zoning approval or entitlement, street, easement or facility relating to or serving any of Candler Hills; (f) denies the right of Declarant to convey to Candler Hills Neighborhood Association any Neighborhood Common Property or Neighborhood Limited Common Property; (g) modifies the basis or manner of assessment or exemption from assessment applicable to Declarant or any lands or improvements owned by Declarant; or (h) alters or repeals any provision of the Governing Documents pertaining to Declarant's rights.

Section 2. Amendments by Declarant. For so long as Declarant is entitled to appoint a majority of the members of the Board of Candler Hills Neighborhood Association, Declarant may amend the Governing Documents by an instrument in writing filed in the Marion County public records, without the approval, consent or joinder of Candler Hills Neighborhood Association, any Owner or any mortgage holder; provided, however, that: (a) if the proposed amendment by Declarant pursuant to this section would materially and adversely alter or change any Owner's right to the use and enjoyment of that Owner's Unit, the Neighborhood Common Property or the Neighborhood Limited Common Property as set forth in this Declaration or would adversely affect the marketability of title to any Residential Unit, the amendment shall require the written consent of the Owners holding a majority of the Class "A" votes in the Master Association; and (b) if the proposed amendment by Declarant pursuant to this section would materially and adversely affect the security interest of any lender, the amendment shall require the written consent of the lenders so affected by the proposed amendment. Any amendment made pursuant to this section shall be certified by Declarant as having been duly approved by Declarant and, if required, by the applicable Owner or lender, and shall be effective upon being filed in the Marion County public records, or upon such later date as may be specified in the amendment itself. The signing and recording of a Supplemental Declaration for the purpose of annexing Additional Property to this Declaration pursuant to Article II hereof shall not constitute an amendment by Declarant to this Declaration.

Each Owner, by acceptance of a deed or other conveyance to a Residential Unit, agrees to be bound by such amendments as are permitted by this section and further agrees that, if requested to do so by Declarant, the Owner will consent to the amendment of this Declaration or any other Governing Documents if either: (a) the amendment is necessary to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule, or regulation or any judicial determination which shall be in conflict therewith; (b) the amendment is necessary to enable a licensed title insurance company to issue title insurance coverage with respect to any of Candler Hills; (c) the amendment is required by an institutional or governmental lender, purchaser or guarantor of mortgage loans, including, for example, Federal Department of Housing and Urban Development, Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender, purchaser or guarantor to make or purchase mortgage loans on any of Candler Hills; or (d) the amendment is necessary to enable any governmental agency or a licensed private insurance company to insure mortgages on any of Candler Hills.

Section 3. Surface Water Management System Facilities. Any amendment to this Declaration that would affect the Surface Water Management System Facilities or the operation and maintenance of the Surface Water Management System Facilities shall have the prior written approval of the District.

Section 4. Community Amenities Provider. Any amendment to any of the Governing Documents that would affect the Community Amenity Property or the rights of the Community Amenities Provider under this Declaration must have the prior written approval of the Community Amenities Provider.

ARTICLE XVII
DURATION AND TERMINATION

This Declaration shall run with and bind the title to Candler Hills, and it shall inure to the benefit of and bind Declarant, Candler Hills Neighborhood Association, each Owner and their respective heirs, personal representatives, successors and assigns, until the fortieth (40th) anniversary of the date on which this Declaration is recorded in the Marion County public records, after which time this Declaration shall be automatically extended for successive periods of ten (10) years each until terminated as provided below. Commencing upon the fortieth (40th) anniversary of the date on which this Declaration is recorded in the Marion County public records, this 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 Candler Hills Neighborhood Association agreeing to terminate this Declaration; provided, however, the foregoing is subject to the following two limitations: (a) for so long as Declarant shall own any portion of Candler Hills or shall have the right to annex Additional Property to this Declaration, no termination will be effective without the prior written consent of Declarant; and (b) in no event shall this Declaration be terminated prior to the expiration or termination of the Master Declaration without the prior written consent of the Master Association, which consent may be granted, conditioned or denied in the sole and absolute discretion of the Master Association.

ARTICLE XVIII
ENFORCEMENT

Section 1. Remedies. If any person or entity shall violate or attempt to violate any of the provisions of the Governing Documents, it shall be lawful for Declarant, the Master Association, Candler Hills Neighborhood Association or any Owner (a) to prosecute proceedings for the recovery of damages against those so violating or attempting to violate any provisions of the Governing Documents, or (b) to maintain a proceeding in any court of competent jurisdiction against those so violating or attempting to violate any provision of the Governing Documents, for the purpose of preventing, or enjoining all or any such violations or attempted violations. The remedies contained in this provision shall be construed as cumulative of all other remedies now or hereafter provided by law or the Governing Documents. The failure of Declarant, the Master Association, Candler Hills Neighborhood Association or any Owner to enforce any provision of the Governing Documents, however long continued, shall in no event be deemed a waiver of the right to enforce the same provision thereafter as to the same breach or violation, or as to any other breach or violation thereof occurring prior to or subsequent thereto. All costs incurred in such enforcement, including Enforcement Expense, shall be recoverable by the prevailing party.

Because the enforcement of the provisions of the Governing Documents are essential for the effectuation of the general plan of development contemplated hereby, it is hereby declared that any breach thereof may not adequately be compensated by recovery of damages, and that Declarant, the Master Association, Candler Hills Neighborhood Association or any Owner, in addition to all other remedies, may require and shall be entitled to the remedy of injunction to restrain any such violation or breach or any threatened violation or breach.

In addition, in the event Candler Hills Neighborhood Association fails for an unreasonable period of time after written demand from the Master Association to enforce or cure any default under this Declaration by any Owner of any Residential Unit in Candler Hills, the Master Association shall have the right and authority to take all actions, and to seek all remedies, that are authorized, permitted or granted by this Declaration in favor of Candler Hills Neighborhood Association to enforce or cure any such default and to collect the Master Association's Enforcement Expense.

Section 2. District. The District shall also have the right to enforce, by a proceeding at law or in equity, the provisions of this Declaration that relate to the operation, maintenance, repair or replacement of the Surface Water Management System Facilities.

Section 3. Community Amenities Provider. The Community Amenities Provider may enforce any of the provisions of this Declaration that benefit either the Community Amenity Property or the Community Amenity Provider by injunction or other equitable remedy or by an action at law for damages, or both, and, if it prevails, the Community Amenity Provider shall be entitled to recover its Enforcement Expense.

Section 4. Tenants to Comply. All tenants, occupants and other invitees shall be comply with the Governing Documents as though each was an Owner. Each Owner agrees to cause all tenants, occupants and other invitees of that Owner's Residential Unit to comply with the Governing Documents, and each Owner is responsible and liable for all violations and losses caused by such tenants, occupants or other invitees, notwithstanding the fact that such tenants, occupants and other invitees of the Residential Unit are also fully liable for any violation of the Governing Documents. If a tenant, occupant or other invitee violates any provision of the Governing Documents or causes any damage to the Common Property or Limited Common Property, the Master Association, Candler Hills Neighborhood Association and Declarant shall each have the power and authority to sue the applicable the tenant, occupant or other invitee and/or the applicable Owner for any remedy available at law or equity.

Section 5. Suspensions and Fines. In addition to all other remedies it may have for failure of a Member, tenant, guest or invitee to comply with any provision of the Governing Documents, Candler Hills Neighborhood Association may suspend, for a reasonable period of time, the rights of any Member or a Member's tenants, guests or invitees, or both, to use Neighborhood Common Property or Neighborhood Limited Common Property and Candler Hills Neighborhood Association may levy fines against any Member, tenant, guest or invitee. In addition, Candler Hills Neighborhood Association may suspend the voting rights of a Member for the nonpayment of Annual Assessments that are delinquent in excess of ninety (90) days. Suspension of use rights shall not impair the right of a Member or tenant of a Residential Unit to have vehicular and pedestrian ingress to and egress from the Residential Unit, including, but not limited to, the right to park. No suspension or fine may ever be imposed on Declarant. Prior to imposition of a suspension or fine, the following procedures shall be adhered to:

(a) **Notice.** The Board or a committee designated by the Board shall notify the Member, tenant, guest or invitee of the alleged infraction or infractions. Included in the notice shall be the date and time of a hearing before a committee of at least three (3) members appointed by the Board who are not officers, directors, or employees of Candler Hills Neighborhood Association, or the spouse, parent, child, brother, or sister of an officer, director, or employee of Candler Hills Neighborhood Association, at which hearing the Member, tenant, guest or invitee will have an opportunity to present reasons why a suspension or fine should not be imposed. At least fourteen (14) days' notice of the hearing shall be given.

(b) **Hearing.** The alleged non-compliance shall be presented to the committee after which the committee shall hear reasons why a suspension or fine should not be imposed. The Member, tenant, guest or invitee shall have a right to be represented by counsel and to cross examine witnesses. A written decision of a majority of the committee shall be delivered to the Member, tenant, guest or invitee within twenty-one (21) days after the hearing. If the committee, by majority vote, does not approve a proposed suspension or fine within said period, it may not be imposed.

(c) **Amounts.** The committee (if its findings are made against the Member, tenant, guest or invitee) may impose fines against the Member, tenant, guest or invitee as follows:

(i) For each violation, a fine not exceeding One Hundred Dollars (\$100.00), or such higher amount as may be set and adjusted from time to time by the Board, but not exceeding any maximum amount established by applicable law; and

(ii) For a violation or violations which are of a continuing nature, a fine may be levied on the basis of each day of a continuing violation, with a single notice and opportunity for hearing, which fine will not exceed One Thousand Dollars (\$1,000.00), or such higher amount as may be set and adjusted from time to time by the Board, but not exceeding any maximum amount established by applicable law.

(d) **Payment and Collection of Fines.** Fines against Members shall be treated as Individual Assessments to be paid and collected as set forth elsewhere in this Declaration. Fines against tenant, guest or invitee shall be collectible from the tenant, guest or invitee by any and all lawful means.

(e) **Application of Proceeds.** All moneys received from fines shall be allocated as directed by the Board.

(f) **Non-exclusive Remedy.** The right to impose suspensions and fines shall not be construed to be exclusive, and shall exist in addition to all other rights and remedies to which Candler Hills Neighborhood Association may be otherwise legally entitled; provided, however, any penalty paid by the offending Member, tenant, guest or invitee shall be deducted from or offset against any damages which Candler Hills Neighborhood Association may otherwise be entitled to recover from such Member, tenant, guest or invitee. The requirements of this section do not apply to the imposition of suspensions or fines upon any Member (other than Declarant) because of the failure of the Member to pay Assessments when due, and the imposition of suspensions and fines for such non-payment is hereby specifically authorized by this Declaration.

ARTICLE XIX **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. This Declaration shall be effective to the fullest extent permitted by law. The invalidation of any provision of this Declaration shall not affect or modify any other provision and such other provision shall remain in full force and effect.

Section 3. Headings. Article and section headings are for reference purposes only and they shall not affect the meaning or interpretation of this Declaration.

Section 4. Notices. Except as otherwise required or permitted by this Declaration, the Bylaws or applicable law, notices permitted or required by this Declaration shall be in writing and shall be delivered by hand or overnight commercial courier or sent by United States Mail, postage prepaid. Notices to each Owner shall be delivered or sent to the address designated from time to time by that Owner by written notice to Candler Hills Neighborhood Association or, if no address has been so designated, at the address of such Owner's Residential Unit. Notices to Candler Hills Neighborhood Association shall be delivered or sent to Candler Hills Neighborhood Association at 8447 Southwest 99th Street Road, Ocala, Florida 34481, or to such other address as Candler Hills Neighborhood Association may from time to time designate by written notice to the Owners. Notices to Declarant shall be delivered or sent to Declarant at 8447 Southwest 99th Street Road, Ocala, Florida 34481, or to such other address as Declarant may from

time to time designate by written notice to Candler Hills Neighborhood Association. Notices to any other person entitled to notice pursuant to the Governing Documents shall be delivered or sent to such address as such person may from time to time designate by written notice to the sender, or, in the absence of such designation, to such address as shall reasonably be expected by the sender to be received by the party to be notified.

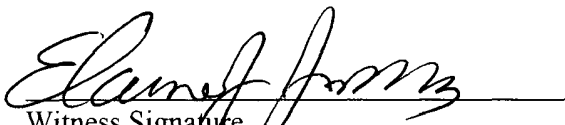
Section 5. No Dedication. Nothing in this Declaration shall be deemed to be a dedication of any right, title, claim or interest to the public.

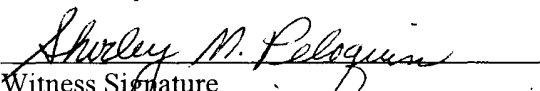
Section 6. Exhibits. All exhibits referred to in this Declaration are hereby incorporated into this Declaration as fully as if set forth verbatim herein.

Section 7. Waiver. No provision of any of the Governing Documents shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

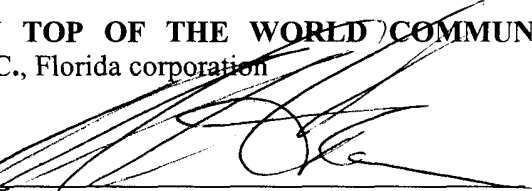
IN WITNESS WHEREOF, Declarant has caused these presents to be executed by its lawful officer hereunto duly authorized on the date first above written.

WITNESSES:


Witness Signature
Printed Name: Elaine J. Jarosz


Witness Signature
Printed Name: SHIRLEY M. PELOQUIN

ON TOP OF THE WORLD COMMUNITIES, INC., Florida corporation

By: 
Name: Kenneth D. Colen
Title: President

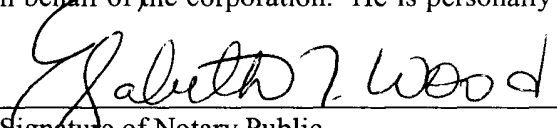
Date: June 29, 2004

(Corporate Seal)

STATE OF FLORIDA)
) ss:
COUNTY OF MARION)

The foregoing Declaration of Covenants, Conditions, Restrictions and Easements for Candler Hills was acknowledged before me this 29th day of June, 2004 by Kenneth D. Colen, the President of On Top of the World Communities, Inc., a Florida corporation, on behalf of the corporation. He is personally known to me.

Notary 
ELIZABETH T. WOOD
MY COMMISSION # CC 983193
EXPIRES: February 7, 2005
Bonded Thru Notary Public Underwriters


Signature of Notary Public
Printed Name: Elizabeth T. Wood

orl-srv01\183735v15\6/17/04

EXHIBIT "A"

**ARTICLES OF INCORPORATION OF
CANDLER HILLS NEIGHBORHOOD ASSOCIATION, INC.**

A certified copy of the Articles of Incorporation of Candler Hills Neighborhood Association, Inc., as filed with the Florida Department of State on May 20, 2004, appears beginning on the following page.

State of Florida



Department of State

I certify from the records of this office that CANDLER HILLS NEIGHBORHOOD ASSOCIATION, INC. is a corporation organized under the laws of the State of Florida, filed on May 20, 2004.

The document number of this corporation is N04000005067.

I further certify that said corporation has paid all fees due this office through December 31, 2004, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

I further certify that this is an electronically transmitted certificate authorized by section 15.16, Florida Statutes, and authenticated by the code, 704A00035834-052104-N04000005067-1/1, noted below.

Authentication Code: 704A00035834-052104-N04000005067-1/1

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Twenty-first day of May, 2004



Glenda E. Hood
Glenda E. Hood
Secretary of State

**ARTICLES OF INCORPORATION OF
CANDLER HILLS NEIGHBORHOOD ASSOCIATION, INC.**

The undersigned incorporator hereby acknowledges and adopts these Articles of Incorporation ("Articles") for the purpose of forming a corporation not for profit under the laws of the State of Florida.

**ARTICLE I
DEFINITIONS**

Section 1. **Declaration.** "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Candler Hills recorded or to be recorded by Declarant in the Marion County public records, as amended and supplemented from time to time.

Section 2. **Other Terms.** Unless expressly provided herein to the contrary, all capitalized terms used in these Articles shall have the meanings assigned to those terms by the Declaration.

**ARTICLE II
NAME**

The name of the corporation is CANDLER HILLS NEIGHBORHOOD ASSOCIATION, INC. For convenience, the corporation shall be referred to herein as "Candler Hills Neighborhood Association".

**ARTICLE III
COMMENCEMENT, DURATION AND TERMINATION**

Candler Hills Neighborhood Association shall commence existence upon the filing of these Articles with the Florida Department of State. The corporation shall have perpetual existence.

In the event of the termination, dissolution or final liquidation of Candler Hills Neighborhood Association, then prior to such termination, dissolution or liquidation the control or right of access to the property containing any portions of the Surface Water Management System Facilities that are the responsibility of Candler Hills Neighborhood Association shall be conveyed or dedicated to an appropriate governmental unit or public utility and, if not accepted, then the control or right of access to the said property and the Surface Water Management System Facilities located therein shall be conveyed to a non-profit corporation similar to Candler Hills Neighborhood Association.

**ARTICLE IV
PRINCIPAL OFFICE AND MAILING ADDRESS**

The initial principal office and mailing address of Candler Hills Neighborhood Association is 8447 Southwest 99th Street Road, Ocala, Florida 34481. The Board may change the principal office and/or mailing address of Candler Hills Neighborhood Association at any time and from time to time without amending these Articles.

**ARTICLE V
REGISTERED OFFICE AND REGISTERED AGENT**

The street address of the initial registered office of Candler Hills Neighborhood Association is c/o Devito & Colen, 7243 Bryan Dairy Rd., Largo, Florida 33777, and the initial registered agent at that address is Gerald R. Colen, Esq. The Board may change the registered office and/or registered agent of Candler Hills Neighborhood Association at any time and from time to time without amending these Articles.

ARTICLE VI

PURPOSE

The purpose for which Candler Hills Neighborhood Association is organized is to carry out the duties and exercise the powers imposed or conferred upon Candler Hills Neighborhood Association pursuant to the Declaration.

ARTICLE VII

POWERS AND AUTHORITY

Section 1. Generally. Candler Hills Neighborhood Association shall have all the common law and statutory powers and authority of a corporation not for profit 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 Governing Documents. Candler Hills Neighborhood Association shall also have the power to do any and all lawful things which may be authorized, assigned, required or permitted to be done by the Governing Documents, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the carrying out of any of the duties or the exercise of any of the powers of Candler Hills Neighborhood Association for the benefit of the Members and for the maintenance, administration and improvement of the Neighborhood Common Property, Neighborhood Limited Common Property and Areas of Common Responsibility.

Section 2. Certain Express Powers. Without limiting the generality of Section 1 above, Candler Hills Neighborhood Association shall have the following express powers and authority: (a) to acquire, own, operate, mortgage, encumber, convey, sell, lease and exchange property of any and all types and uses; (b) to operate and maintain the Surface Water management System Facilities (to the extent not performed by a CDD or the Master Association), including but not limited to all inlets, ditches, swales, culverts, water control structures, retention and detention areas, ponds, lakes, floodplain compensation areas, wetlands and any associated buffer areas, and wetland mitigation areas; (c) to promulgate and enforce rules and regulations; (d) to levy and collect Assessments against the Owners and their Residential Units; (e) to sue and be sued; (f) to contract for services to provide for operation and maintenance of the Surface Water management System Facilities (to the extent not performed by a CDD or the Master Association); (g) to borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its operation, and to secure the same by mortgage or pledge; and (h) to take any other action necessary or desirable to carry out any purpose for which Candler Hills Neighborhood Association has been organized.

Section 3. Managers, Employees and Professionals. Candler Hills Neighborhood Association may also obtain and pay for the services of any person or entity to manage any of its affairs, to perform any of its duties or to exercise any of its prerogatives, and Candler Hills Neighborhood Association may employ personnel for such purposes. In addition, Candler Hills Neighborhood Association may engage engineering, architectural, construction, legal, accounting and other consultants whose services are necessary or desirable in connection with the operation of Candler Hills Neighborhood Association and the administration and enforcement of the Governing Documents. All costs and expenses incurred for the employment of any manager, employee or consultant shall be a Neighborhood Common Expense, Neighborhood Limited Common Expense or Individual Assessment, as determined by the Board.

Section 4. Limitations. The foregoing is subject to the qualifications that the duties, powers and authority of Candler Hills Neighborhood Association shall be limited to Candler Hills and the Areas of Common Responsibility associated therewith, and that, in all matters, the powers and authority of Candler Hills Neighborhood Association shall be subject and subordinate to the overriding power and authority of the Master Association in matters in which the power and authority of the two associations may overlap.

Section 5. No Profits or Distributions. Candler Hills Neighborhood Association does not contemplate pecuniary gain or profit. Candler Hills Neighborhood Association shall not pay dividends and no part of any income of Candler Hills Neighborhood Association shall be distributed to its Members.

ARTICLE VIII **NO IMPLIED AUTHORITY**

No Member or Owner shall have any authority to act for or on behalf of, or to bind, Candler Hills Neighborhood Association by reason of being a Member or Owner.

ARTICLE IX **MEMBERSHIP AND VOTING**

Section 1. Members. Declarant and each Owner of a Residential Unit in Candler Hills shall be Members of Candler Hills Neighborhood Association. Candler Hills Neighborhood Association membership of each Owner (other than Declarant) shall be appurtenant to and may not be separated from the Residential Unit giving rise to such membership, and shall not be transferred except upon the transfer of title to said Residential Unit, and then only to the transferee of title thereto. Any prohibited separate transfer shall be void. Any transfer of title to a Residential Unit in Candler Hills shall operate automatically to transfer the membership in Candler Hills Neighborhood Association appurtenant thereto to the new Owner of that Residential Unit. Every Owner, including Declarant, shall be treated for all purposes as the owner of a separate membership interest in Candler Hills Neighborhood Association for each Residential Unit (or potential Residential Unit in the case of Declarant) in which they hold the interest required for membership, irrespective of whether such ownership is joint, in common or as tenants by the entirety. Declarant may freely assign, hypothecate and transfer to any other person or entity any of Declarant's membership or voting interest (including but not limited to any one or more of Declarant's Class "B" Member votes or, following conversion, any one or more of Declarant's Class "A" Member votes) in Candler Hills Neighborhood Association, and any of its interest, if any, in the funds or other assets of Candler Hills Neighborhood Association by instrument recorded in the Marion County public records.

Section 2. Voting Rights. Candler Hills Neighborhood Association shall have two (2) classes of voting membership:

(a) **Class "A".** Class "A" Members shall be all Owners of Residential Units in Candler Hills, with the exception of the Class B Members for so long as the Class "B" Membership shall exist. Each Class "A" Member shall be entitled to cast one (1) vote for each Residential Unit in which such Member holds the interest required for membership.

(b) **Class "B".** Class "B" Members shall be Declarant and each person or entity, if any, to whom or to which Declarant may assign by instrument recorded in the Marion County public records any one or more of Declarant's Class "B" votes. Initially, Class "B" Members shall be entitled to four thousand nine hundred fifty (4,950) Class "B" votes, based on three (3) votes for each one of the three hundred five (305) Residential Units in Candler Hills East Phase 1 plus three (3) votes for each one of the additional one thousand three hundred forty five (1,345) Residential Units that Declarant presently anticipates (but does not warrant) will be developed in all development phases of the Overall Candler Hills Property (other than Candler Hills East Phase 1). Class "B" votes shall be reduced automatically by three (3) votes for each (i) Class "A" vote that comes into existence after date on which this Declaration is recorded in the Marion County public records; and (ii) potential Residential Unit presently anticipated by Declarant to be developed in a development phase of the Overall Candler Hills Property (other than Candler Hills East Phase 1) that Declarant hereafter excludes from potential annexation to the Declaration and commits to a separate plan of development by written instrument recorded in the Marion County public records.

In addition, 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 Candler Hills Neighborhood Association equals the total outstanding Class "B" votes;
- (ii) December 31, 2054; or
- (iii) When, in its discretion, Declarant so determines.

From and after the happening of any one of these events, Declarant shall advise Candler Hills Neighborhood Association membership of the termination and conversion of the Class "B" membership.

Section 3. Multiple Owners. Each vote in Candler Hills Neighborhood Association must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint or multiple Owners of any Residential Unit 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 casts a vote on behalf of a particular Residential Unit, it shall be conclusively presumed for all purposes that such Owner was acting with the authority and consent of all other Owners of that Residential Unit. In the event more than one vote is cast for any Residential Unit, none of the votes for that Residential Unit shall be counted.

Section 4. Quorum. The holders of thirty percent (30%) of the voting interests in Candler Hills Neighborhood Association, represented in person or by proxy, shall constitute a quorum at meetings of the Members of the Candler Hills Neighborhood Association.

Section 5. Declarant Veto Power. Until the total of the Class "A" votes (other than any Class "A" votes held by Declarant) equals ninety-five percent (95%) of the total membership vote of Candler Hills Neighborhood Association, or December 31, 2054, whichever occurs first, Declarant shall have the power and authority to veto any and all decisions, actions, policies and programs of Candler Hills Neighborhood Association and the Board. Declarant shall be provided written notice of each meeting of the Board or the Members at which any decision, action, policy or program will be considered, which notice shall be sent or delivered not less than ten (10) days prior to such meeting by certified mail, return receipt requested, next business day commercial courier service or personal delivery, and which notice shall set forth with reasonable particularity the agenda to be followed at that meeting. Declarant shall be given the opportunity at the meeting to have its representatives join in the discussion of the proposed decision, action, policy or program of Candler Hills Neighborhood Association or the Board. Except as provided below, Declarant's veto must be exercised by Declarant within twenty one (21) days after the meeting at which the decision, action, policy or program is voted upon or adopted. If any decision, action, policy or program is to be implemented or take effect without the formality of a meeting, then Declarant shall be provided written notice and description of the proposed decision, action, policy or program at least twenty one (21) days in advance of the implementation or taking effect thereof, and Declarant shall have twenty one (21) days after receipt of such notice and description to exercise its veto. No decision, action, policy or program of Candler Hills Neighborhood Association or the Board shall be implemented or take effect unless and until all of the foregoing requirements are satisfied and only if Declarant does not exercise Declarant's veto power. If Declarant vetoes the proposed decision, action, policy or program of Candler Hills Neighborhood Association or the Board, then the vetoed decision, action, policy or program shall not be implemented or take effect. Declarant's veto power does not include the power to require any affirmative action on the part of Candler Hills Neighborhood Association or the Board.

ARTICLE X
GOVERNANCE

Section 1. Generally. The Board and such officers as the Board may appoint shall conduct the affairs of Candler Hills Neighborhood Association in accordance with the Governing Documents.

Section 2. Qualifications. Each officer and each director must be either an Owner or an officer, director, employee or appointee of Declarant or the Management Company.

Section 3. Board of Directors. Candler Hills Neighborhood Association shall be governed by a Board consisting of three (3), five (5), seven (7), nine (9) or eleven (11) members. Initially, the Board shall consist of three (3) members, with the number thereafter to be determined by the members of the Board; provided, however, that there shall always be an odd number of directorships created and no director's term shall be shortened by reason of a resolution reducing the number of directors. At the discretion of the Board, the terms of the directors may be staggered.

The names and addresses of the members of the first Board of Directors who shall serve until their successors are appointed by Declarant or elected by the Members and have taken office are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Kenneth D. Colen	8447 Southwest 99th Street Road Ocala, Florida 34481
Philip Faranda	8447 Southwest 99th Street Road Ocala, Florida 34481
Elaine Jarosz	8447 Southwest 99th Street Road Ocala, Florida 34481

Anything in these Articles to the contrary notwithstanding, Declarant shall be entitled to designate all members of the Board until Owners other than Declarant own ninety percent (90%) of all Residential Units ultimately to be administered by Candler Hills Neighborhood Association. Members other than Declarant will be entitled to elect at least a majority of the members of the Board within three (3) months after ninety percent (90%) of the Residential Units in all phases of the Overall Property that will ultimately be operated by Candler Hills Neighborhood Association have been conveyed to Owners, or at such earlier date as may be selected by Declarant. Commencing when Owners other than Declarant own ninety percent (90%) of all Residential Units ultimately to be administered by Candler Hills Neighborhood Association and continuing thereafter for so long as Declarant holds for sale in the ordinary course of business at least five percent (5%) of all Residential Units ultimately to be administered by Candler Hills Neighborhood Association, Declarant shall be entitled to designate at least one (1) member of the Board. For purposes of this paragraph, the term "Owners other than Declarant" shall not include builders, contractors, or others who purchase a Residential Unit for the purpose of constructing improvements thereon for resale. After Declarant relinquishes control of the Board, Declarant may exercise the right to vote any Declarant-owned voting interests in the same manner as any other Member, except for purposes of reacquiring control of Candler Hills Neighborhood Association or selecting the majority of the members of the Board.

Any director to be appointed to fill a vacancy in the Board as to which Declarant has the power of appointment, and each new directorship created by reason of an increase in the size of the Board as to which Declarant has the power of appointment, shall be appointed by Declarant. Otherwise, any vacancy occurring in the Board and any directorship to be filled by reason of an increase in the size of the Board may be filled by the affirmative vote of a majority of the current directors, though less than a quorum of the

Board, or may be filled by an election at an annual or special meeting of the Members called for that purpose. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, or until the next election of one or more directors by Members if the vacancy is caused by an increase in the number of directors.

ARTICLE XI **OFFICERS**

Subject to the direction and higher authority of the Board, the day-to-day affairs of Candler Hills Neighborhood Association shall be administered by the officers of Candler Hills Neighborhood Association appointed from time to time by the Board. The officers shall include a Chairman of the Board, a President, one or more Vice Presidents, a Secretary and a Treasurer, and may also include such other officers as may be appointed from time to time by the Board. The officers shall be appointed by the Board and they shall serve at the pleasure of the Board. The officers who shall serve until their successors are appointed by the Board and have taken office are as follows:

<u>OFFICE</u>	<u>NAME AND ADDRESS</u>
Chairman and President	Kenneth D. Colen 8447 Southwest 99th Street Road Ocala, Florida 34481
Vice Chairman and Vice President	Philip Faranda 8447 Southwest 99th Street Road Ocala, Florida 34481
Secretary and Treasurer	Elaine Jarosz 8447 Southwest 99th Street Road Ocala, Florida 34481

ARTICLE XII **BYLAWS**

The Bylaws of Candler Hills Neighborhood Association shall be adopted by the initial Board of Directors and may be amended in the manner provided in the Bylaws.

ARTICLE XIII **EXCULPATION AND INDEMNIFICATION**

All agreements entered into by the directors and officers of Candler Hills Neighborhood Association on behalf of and with the authority of Candler Hills Neighborhood Association shall be deemed executed by them as agent for Candler Hills Neighborhood Association and Candler Hills Neighborhood Association shall indemnify and hold them harmless from and against all contractual liabilities to others arising out of such agreements.

Except to the extent a director or officer has knowledge concerning a matter in question that makes reliance unwarranted, a director or officer, in discharging his or her duties, may rely on information, opinions, reports or statements, including financial statements and other data, if prepared or presented by: one or more officers or employees of Candler Hills Neighborhood Association whom the director or officer reasonably believes to be reasonable and competent in the manners presented; legal counsel, public accountants or other persons as to matters the director or officer reasonably believes are within the persons'

professional or expert competence; or a committee of directors if the director or officer reasonably believes the committee merits confidence.

In the absence of bad faith, illegality and gross negligence, no director or officer of Candler Hills Neighborhood Association shall be liable to Candler Hills Neighborhood Association or any Owner for any decision, action or omission made or performed by such director or officer in the course of his or her duties on behalf of Candler Hills Neighborhood Association.

Candler Hills Neighborhood Association shall defend, indemnify and hold harmless any person who is made a party or is threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of Candler Hills Neighborhood Association, but only if and to the extent he or she acted in good faith, without gross negligence and, with respect to any criminal action or proceeding, he or she reasonably believed his or her conduct was lawful. This obligation includes, without limitation, payment of all judgments, fines, penalties, interest, settlement amounts and expenses (including without limitation court costs and reasonable attorney, paralegal and expert fees and disbursements, and all other costs and expenses reasonably incurred in connection with any litigation or administrative, bankruptcy or reorganization proceeding) actually and reasonably incurred by him or her in connection with any such action, suit or proceeding.

The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith, or, with respect to any criminal action or proceeding, that such person did not reasonably believe that his or her conduct was lawful.

Expenses incurred in defending an action, suit or proceeding covered by this article shall be paid by Candler Hills Neighborhood Association as incurred from time to time rather than only after the final disposition of such action, suit or proceeding. Payment of such expenses shall be authorized by the Board in each specific case only after receipt by Candler Hills Neighborhood Association of an undertaking by or on behalf of the director or officer to repay such amounts if it shall later develop that he or she is not entitled to be defended, indemnified and held harmless by Candler Hills Neighborhood Association.

The defense, indemnification and hold harmless provided by this article shall not be deemed to be exclusive of any other rights to which Candler Hills Neighborhood Association's directors and officers may be entitled under the Governing Documents, any agreement binding on Candler Hills Neighborhood Association, any vote of the Members or disinterested directors, applicable law or otherwise. The rights of defense, indemnification and hold harmless hereunder shall continue as to a person who has ceased to be a director or officer for all actions, events and circumstances taken or occurring while he or she held office and said rights shall inure to the benefit of the personal representatives and heirs of any such person.

Candler Hills Neighborhood Association shall have the power, but shall not be obligated, to purchase and maintain at Common Expense insurance to provide coverage for any liability asserted against or expense incurred by any director or officer of Candler Hills Neighborhood Association in his or her capacity as such, whether or not Candler Hills Neighborhood Association would have the power to indemnify him or her under this article.

Candler Hills Neighborhood Association shall be only obligated to indemnify a person otherwise entitled to indemnification under this article if and to the extent such person is not indemnified by any insurance maintained by Candler Hills Neighborhood Association or that person. Accordingly, any person otherwise entitled to indemnification under this article shall first seek indemnification from any insurance maintained by Candler Hills Neighborhood Association or that person before seeking indemnification from

Candler Hills Neighborhood Association. If and to the extent any judgment, fine, penalty, interest, settlement amount or expense is paid pursuant to insurance maintained by Candler Hills Neighborhood Association or the person entitled to indemnification, Candler Hills Neighborhood Association shall have no obligation to reimburse the insurance company.

ARTICLE XIV
TRANSACTION IN WHICH DIRECTOR OR OFFICER IS INTERESTED

No contract or transaction between Candler Hills Neighborhood Association and any one or more of its directors or officers, or between Candler Hills Neighborhood Association and any Affiliate or other corporation, partnership, association, or other organization in which one or more of Candler Hills Neighborhood Association's directors or officers are directors or officers, or have a financial interest, shall be invalid, void or voidable solely for such reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorized the contract or transaction, or solely because his, her or their votes are counted for such purpose. No director or officer of Candler Hills Neighborhood Association shall incur liability by reason of the fact that he or she is or may be interested in any such contract or transaction. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorized the contract or transaction.

ARTICLE XV
55 AND OLDER COMMUNITY

Candler Hills has been designated as housing for persons who are fifty five (55) years of age or older. At least eighty percent (80%) of the Residential Units in Candler Hills must be occupied by at least one person who is fifty five (55) years of age or older. In order to ensure that Candler Hills qualifies as housing for persons fifty five (55) years of age or older under the Federal Fair Housing Act (42 U.S.C. 3601, et seq.), satisfies the occupancy and age verification requirements of Rule 100.307 of the U.S. Department of Housing and Urban Development (24 C.F.R. 100.307), and complies with the requirements of the Florida Fair Housing Act (Chapter 760, Florida Statutes) and the rules and regulations of the Florida Commission on Human Relations, a survey of the residents of Candler Hills will be conducted and updated by Candler Hills Neighborhood Association as and to the extent required by applicable law. Each Owner and resident shall cooperate with Candler Hills Neighborhood Association in its efforts to comply with the requirements of the above-mentioned acts and rules and regulations, and with all other applicable laws. Such cooperation shall include (but shall not be limited to) providing to Candler Hills Neighborhood Association, within 10 days after written request, such information (such as but not limited to identification of whether at least one occupant of the Residential Unit is fifty five (55) years of age or older and the current age or date of birth of such person) and signed surveys, sworn affidavits, certifications and other reliable, legally sufficient documentation as may be required from time to time by Candler Hills Neighborhood Association.

Declarant and Candler Hills Neighborhood Association shall have the authority to make any additional capital improvements upon the Neighborhood Common Property and Neighborhood Limited Common Property necessary to provide facilities or services specifically designed to meet the requirements of the Fair Housing Act, as amended, and other applicable laws.

No child under the age of seventeen (17) years shall be allowed to reside in any Residential Unit in Candler Hills. An Owner who owns and occupies his or her own Residential Unit may permit one (1) minor only to reside in the Residential Unit with him or her, but only if the minor is at least seventeen (17) years of age and a member of that Owner's family. The test for residency by minors shall be either (a) residency in any Residential Unit for any period exceeding one (1) month, accompanied by enrollment in a

public or private school or institution located within Marion County, Florida, or (b) residency in any Residential Unit for a cumulative period of six (6) months or longer.

ARTICLE XVI **AMENDMENTS**

Section 1. Members. Subject to the limitation set forth in Subsection (c) below, the veto power of the Declarant as set forth in the Declaration and any limitation on amendment imposed by law, these Articles may be amended by the Members in accordance with this section. The Members may change or amend any provision hereof either by written agreement setting forth the amendment and signed by the holders of at least two-thirds (2/3) of the votes in Candler Hills Neighborhood Association (without regard to class), or by causing an amendment resolution to be adopted by the Members by vote at a meeting duly called for that purpose. A proposed amendment may be initiated by Declarant, by the Board or by petition signed by holders of at least ten percent (10%) of the votes in Candler Hills Neighborhood Association.

(a) If a proposed amendment is to be adopted by vote, a written copy of the proposed amendment shall be furnished to each Member at least thirty (30) days but not more than ninety (90) days prior to the meeting to vote on the proposed amendment, and the affirmative vote required for adoption shall be two thirds (2/3) of the votes of those Members (without regard to class) who shall be present in person or by proxy at a meeting duly called for that purpose.

(b) The amendment shall take effect upon the recordation in the Marion County public records of either one of the following, or at any later date specified in the amendment itself: (i) an executed agreement of the Members, as provided above; or (ii) a certified copy of a resolution duly-adopted by vote of the Members, as provided above, and signed by an officer of Candler Hills Neighborhood Association. If applicable, the recorded officer's certificate shall recite that notice was given as required above 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 officer's certificate.

(c) For so long as Declarant shall own any portion of Candler Hills or shall have the right to annex Additional Property to the Declaration, no Declarant related amendment shall be made to any of the Governing Documents unless such amendment is first approved in writing by 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 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 Declaration in a manner which alters Declarant's rights or status; (iii) modifies or repeals any provision of Article II of the Declaration; (iv) alters the character and rights of membership as provided for by Article IX of these Articles or affects or modifies in any manner whatsoever the rights of Declarant as a Member of Candler Hills Neighborhood Association; (v) alters or conflicts with any agreement between Declarant and any governmental or quasi-governmental authority or utility provider respecting any land use or zoning approval or entitlement, street, easement or facility relating to or serving any of Candler Hills; (vi) denies the right of Declarant to convey to Candler Hills Neighborhood Association any Neighborhood Common Property or Neighborhood Limited Common Property; (vii) modifies the basis or manner of assessment or exemption from assessment applicable to Declarant or any lands or improvements owned by Declarant; or (viii) alters or repeals any provision of the Governing Documents pertaining to Declarant's rights.

Section 2. Declarant. For so long as Declarant is entitled to appoint a majority of the members of the Board of Candler Hills Neighborhood Association, Declarant may amend these Articles by an instrument in writing filed in the Marion County public records, without the approval of Candler Hills Neighborhood Association, any Owner or any mortgage holder; provided, however, that: (a) if the proposed amendment by Declarant pursuant to this section would materially and adversely alter or change any Owner's right to the use and enjoyment of that Owner's Residential Unit, the Neighborhood Common

Property or the Neighborhood Limited Common Property as set forth in this Declaration or would adversely affect the marketability of title to any Residential Unit, the amendment shall require the written consent of the Owners holding a majority of the Class "A" votes in Candler Hills Neighborhood Association; and (b) if the proposed amendment by Declarant pursuant to this section would materially and adversely affect the security interest of any lender, the amendment shall require the written consent of the lender so affected by the proposed amendment. Any amendment made pursuant to this section shall be certified by Declarant as having been duly approved by Declarant, and, if required, by the applicable Owner or lender, and shall be effective upon being filed in the Marion County public records, or upon such later date as may be specified in the amendment itself.

Each Owner, by acceptance of a deed or other conveyance to a Residential Unit, and each Member, agrees to be bound by such amendments as are permitted by this section and further agrees that, if requested to do so by Declarant, the Owner or Member will consent to the amendment of these Articles if either: (a) the amendment is necessary to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule, or regulation or any judicial determination which shall be in conflict therewith; (b) the amendment is necessary to enable a licensed title insurance company to issue title insurance coverage with respect to any of Candler Hills; (c) the amendment is required by an institutional or governmental lender, purchaser or guarantor of mortgage loans, including, for example, Federal Department of Housing and Urban Development, Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender, purchaser or guarantor to make or purchase mortgage loans on any of Candler Hills; or (d) the amendment is necessary to enable any governmental agency or a licensed private insurance company to insure mortgages on any of Candler Hills.

Section 3. **Surface Water Management System Facilities.** Any amendment to these Articles that would affect the Surface Water Management System Facilities or the operation and maintenance of the Surface Water Management System Facilities shall have the prior written approval of the District.

Section 4. **Community Amenities Provider.** Any amendment to these Articles that would affect the Community Amenity Property or the rights of the Community Amenities Provider under the Declaration must have the prior written approval of the Community Amenities Provider.

Section 5. **Recording.** A copy of each amendment shall be filed with the Secretary of State in accordance with Florida law and a copy certified by the Secretary of State shall be recorded in the Marion County public records.

Section 6. **Limitation.** These Articles may not be amended or interpreted so as to conflict with the Declaration. In the event of any such conflict, the provisions of the Declaration shall prevail.

ARTICLE XVII **INCONSISTENCY**

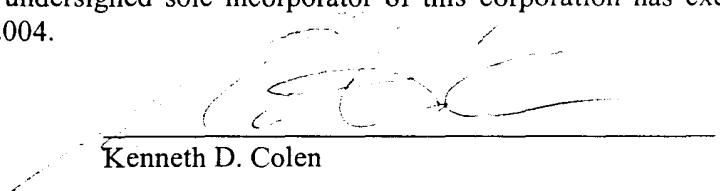
In the event of any inconsistency between the terms and provisions contained in the Declaration and those contained in these Articles of Incorporation, the terms and provisions of the Declaration shall prevail.

ARTICLE XVIII
INCORPORATOR

The name and street address of the sole incorporator to these Articles of Incorporation is as follows:

Kenneth D. Colen
8447 Southwest 99th Street Road
Ocala, Florida 34481

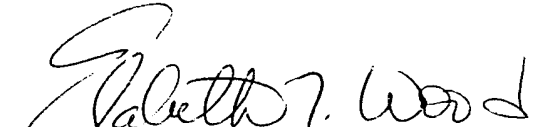
IN WITNESS WHEREOF, the undersigned sole incorporator of this corporation has executed these Articles on this 26th day of March, 2004.

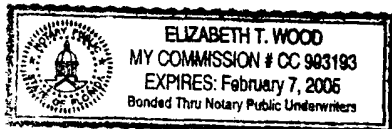

Kenneth D. Colen

STATE OF FLORIDA)
) ss:
COUNTY OF MARION)

The foregoing instrument was acknowledged before me this 26th day of March, 2004 by Kenneth D. Colen. He is personally known to me.

Notary Stamp:


Signature of Notary Public
Printed Name: Elizabeth T. Wood



CERTIFICATE DESIGNATING REGISTERED AGENT FOR
SERVICE OF PROCESS

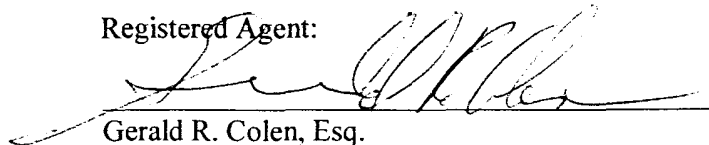
This Certificate is submitted pursuant to Section 48.091 and Section 607.0501, *Florida Statutes*.

CANDLER HILLS NEIGHBORHOOD ASSOCIATION, INC., desiring to organize as a corporation under the laws of the State of Florida, with its initial registered office at c/o Devito & Colen, 7243 Bryan Dairy Rd., Largo, FL 33777, has named Gerald R. Colen, Esq. as its agent to accept service of process within this state.

ACKNOWLEDGMENT:

Having been named to accept service of process for the corporation named above, at the place designated in this Certificate, I hereby accept appointment as registered agent, agree to act in this capacity, and agree to comply with the provisions of said statutes relative to keeping open said office. I acknowledge that I am familiar with the obligations of a registered agent under Florida law.

Registered Agent:


Gerald R. Colen, Esq.

Dated: March 26, 2004

EXHIBIT "B"

BYLAWS OF CANDLER HILLS NEIGHBORHOOD ASSOCIATION, INC.

ARTICLE I IDENTITY

These are the Bylaws of CANDLER HILLS NEIGHBORHOOD ASSOCIATION, INC. ("Candler Hills Neighborhood Association"), a corporation not for profit organized and existing under Chapter 617, Florida Statutes, for the purpose of administering Candler Hills in accordance with the Declaration.

ARTICLE II DEFINITIONS

Section 1. **Declaration.** "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Candler Hills recorded or to be recorded by Declarant in the Marion County public records, as amended and supplemented from time to time.

Section 2. **Other Terms.** Unless expressly provided herein to the contrary, all capitalized terms used in these Bylaws shall have the meanings assigned to those terms by the Declaration.

ARTICLE III OFFICES

Section 1. **Principal Office.** The initial principal office of Candler Hills Neighborhood Association is 8447 Southwest 99th Street Road, Ocala, Florida 34481. The Board may change the principal office and/or mailing address of Candler Hills Neighborhood Association at any time and from time to time.

Section 2. **Other Offices.** Candler Hills Neighborhood Association may also have offices at such other places within the State of Florida as the Board may from time to time determine or as the business of Candler Hills Neighborhood Association may require.

ARTICLE IV PURPOSES, POWERS AND AUTHORITY

Candler Hills Neighborhood Association has been organized for such purposes, and Candler Hills Neighborhood Association has such powers and authority, as are set forth in the Governing Documents.

ARTICLE V MEMBERS

Section 1. **Qualification.** Declarant and each Owner of a Residential Unit in Candler Hills shall be Members of Candler Hills Neighborhood Association.

Section 2. **Change of Membership.** Candler Hills Neighborhood Association membership of each Owner (other than Declarant) shall be appurtenant to and may not be separated from the Residential Unit giving rise to such membership, and shall not be transferred except upon the transfer of title to said Residential Unit, and then only to the transferee of title thereto. Any prohibited separate transfer shall be void. Any transfer of title to a Residential Unit in Candler Hills shall operate automatically to transfer the membership in Candler Hills Neighborhood Association appurtenant thereto to the new Owner of that

Residential Unit. Every Owner, including Declarant, shall be treated for all purposes as the owner of a separate membership interest in Candler Hills Neighborhood Association for each Residential Unit (or potential Residential Unit in the case of Declarant) in which they hold the interest required for membership, irrespective of whether such ownership is joint, in common or as tenants by the entirety. Declarant may freely assign, hypothecate and transfer to any other person or entity any of Declarant's membership or voting interest (including but not limited to any one or more of Declarant's Class "B" Member votes or, following conversion, any one or more of Declarant's Class "A" Member votes) in Candler Hills Neighborhood Association, and any of its interest, if any, in the funds or other assets of Candler Hills Neighborhood Association by instrument recorded in the Marion County public records.

Section 3. **Voting Rights.** The voting rights of the Members are set forth in the Declaration and Articles.

ARTICLE VI MEETINGS OF MEMBERS

Section 1. **Place.** Meetings of Members shall be held at such place in Marion County, Florida as may be designated by the Board and stated in the notice of the meeting.

Section 2. **Time.** Meetings of Members shall be held on such date and at such time as shall be fixed, from time to time, by the Board; provided, however, that there shall be an annual meeting of the Members held every calendar year for the purpose of electing directors (at such time as the Members are entitled to elect any member of the Board) and for transacting any other business as may properly be brought before the meeting.

Section 3. **Special Meetings.** Special meetings of the Members shall be held when called by the Board or by Member holding at least ten percent (10%) of the total voting interests of Candler Hills Neighborhood Association. Business transacted at any special meeting shall be limited to the purposes described in the notice of the special meeting.

Section 4. **Notices.** Notice stating the date, time and place of the meeting and any other information as may be required by law shall be posted in a conspicuous place on Candler Hills, broadcast on the community news video channel, posted on the community Internet website, delivered personally, sent by U. S. Mail, or distributed by any other lawful means as may be designated by the Board. Notices of meetings shall be distributed not less than ten (10) days nor more than sixty (60) days before the day of the meeting. The notice of an annual meeting need not state the purposes of the annual meeting, but any notice of a special meeting must describe the purposes of the special meeting. Notices shall be deemed effective upon the earlier of date of first posting on Candler Hills, date of first broadcast on the community news video channel, date of first posting on the community Internet website, date of personal delivery, date of deposit in the United States mail addressed to the Member at the Member's address as it appears on the books of Candler Hills Neighborhood Association, with postage prepaid, or date of distribution by any other lawful means. Members may waive notice of any specific meeting by written notice to the Secretary of Candler Hills Neighborhood Association. Attendance by a Member at a meeting of Members shall constitute a waiver of notice of that meeting by that Member, except when the Member attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and does not thereafter vote for or assent to action taken at the meeting.

Section 5. **Quorum.** The holders of thirty percent (30%) of the voting interests in Candler Hills Neighborhood Association, represented in person or by proxy, shall constitute a quorum at meetings of the Members of Candler Hills Neighborhood Association.

Section 6. Required Vote. Except to the extent a larger number of votes is expressly required by the Governing Documents, decisions that require a vote of the members must be made by the concurrence of at least a majority of the voting interests present, in person or by proxy, at a meeting at which a quorum has been attained.

Section 7. Manner of Voting. Each Member shall be entitled to vote the number of votes conferred upon that Member by the Governing Documents. The Members shall cast on all issues their votes as they among themselves determine. All votes of each Member must be cast in the same manner. No fractional votes shall be allowed. If any voting representative of a Member casts a vote, it shall thereafter be conclusively presumed for all purposes that he or she was acting with the authority and consent of that Member and all of its constituent members or Owners. Each Member shall maintain on file with the Secretary of Candler Hills Neighborhood Association a certificate signed by the chief executive of the Member identifying the name of the person designated to represent the interests and cast the votes of that Member in meetings and proceedings of the Members of Candler Hills Neighborhood Association. Each such certificate shall be conclusive in favor of Candler Hills Neighborhood Association and the other Members unless and until changed or revoked by the applicable Member.

Section 8. Proxies. The members have the right to vote in person or by proxy. To be valid, a proxy must be dated, must state the date, time, and place of the meeting for which it was given, and must be signed by the authorized person who executed the proxy. A proxy is effective only for the specific meeting for which it was originally given, as the meeting may lawfully be adjourned and reconvened from time to time, and shall automatically expire ninety (90) days after the date of the meeting for which it was originally given. A proxy is revocable at any time at the pleasure of the person who executes it. If the proxy form expressly so provides, any proxy holder may appoint, in writing, a substitute to act in his or her place. The Board may (but need not) require by rule the filing of proxies with the Secretary of Candler Hills Neighborhood Association at some designated time prior to the meeting for which the proxies are intended to be used.

Section 9. Adjournment. If any meeting cannot be organized because a quorum has not been attained, the Members who are present, either in person or by proxy, may adjourn the meeting to a different date, time or place. Any business that might have been transacted on the original date of the meeting may be transacted at the adjourned meeting. If a meeting is adjourned to a different date, time or place, and if an announcement of the new date, time or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the Board, after adjournment, fixes a new record date for the adjourned meeting. If a new record date for the adjourned meeting is or must be fixed under applicable law, notice of the adjourned meeting must be given to persons who are entitled to vote and are Members as of the new record date but were not Members as of the previous record date.

Section 10. Conduct of Meetings. The Chairman of the Board (or in his or her absence, a designee of the Chairman of the Board) shall preside at the annual and special meetings of Members and shall be given full discretion in establishing the rules and procedures to be followed in conducting the meetings, except as otherwise provided by law or in these Bylaws. At annual meetings and, to the extent practical and appropriate, at special meetings, the order of business shall be as follows:

- (a) Call to order by the presiding Chairman of the meeting.
- (b) Introduction of the Board, certifying proxies and establishing a quorum.
- (c) Proof of notice of meeting or waiver of notice.

(d) Reading and approval of the minutes of the last meeting, or waiver of the reading of the minutes, and disposal of any unapproved minutes.

(e) Appointment of inspectors of elections.

(f) Reports from the Board and any Committees.

(g) Election of Directors (at such time as the Members are entitled to elect any director).

(h) Other business and discussion.

(i) Adjournment.

Section 11. Member Participation. All Members shall have the right to participate in meetings of Candler Hills Neighborhood Association, subject to reasonable rules adopted by the Board governing the frequency, duration and manner of participation. The Board may also adopt reasonable rules governing the tape recording or videotaping of meetings of the Members.

Section 12. Action Without Meeting. Any action that may be taken at a meeting of the Members may be taken without a meeting or notice if a consent or consents, in writing, setting forth the action so taken, is signed by the holders of not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted with respect to the subject matter thereof. Such consent shall have the same force and effect as a vote of Members taken at a meeting duly noticed and convened in accordance with the Governing Documents and Florida law.

Section 13. Record Date. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or in order to make a determination of Members for any other purpose, the Board may fix in advance a date as the record date for any such determination of Members, such date in any case to be not more than sixty (60) days, and, in case of a meeting of Members, not less than ten (10) days, prior to the date on which the particular action requiring such determination of Members is to be taken. If no other record date is fixed by the Board for the determination of Members entitled to notice of or to vote at a meeting of Members, the date on which the notice of the meeting is first distributed shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof, except where the Board fixes a new record date for the adjourned meeting.

Section 14. Inspectors and Judges. In advance of any meeting, the Board may, but need not, appoint one or more inspectors of election or judges of the vote, as the case may be, to act at the meeting or any adjournment thereof. If any inspector or inspectors, or judge or judges, are not appointed by the Board in advance of the meeting, the person presiding at the meeting may, but need not, appoint one or more inspectors or judges. In case any person who may be appointed as an inspector or judge fails to appear or act, the vacancy may be filled by the Board in advance of the meeting, or at the meeting by the person presiding at the meeting. The inspectors or judges, if any, shall determine the number of votes outstanding and allocation of those votes among the Members, the voting interests represented at the meeting, the existence of a quorum, the validity and effect of proxies, and they shall receive votes, ballots and consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate votes, ballots and consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all Members. On request of the person presiding at the meeting, the

inspector or inspectors or judge or judges, if any, shall make a report in writing of any challenge, question or matter determined by him, her or them, and execute a certificate of any fact found by him, her or them.

ARTICLE VII DIRECTORS

Section 1. Board. The affairs of Candler Hills Neighborhood Association shall be managed by the Board, which shall consist of three (3), five (5), seven (7), nine (9) or eleven (11) members. Initially, the Board shall consist of three (3) members, with the number thereafter to be determined by resolution of the Board; provided, however, that there shall always be an odd number of directorships created and no director's term shall be shortened by reason of a resolution reducing the number of directors. Each member of the Board shall be an Owner or an officer, director, employee or agent of either Declarant or the Management Company.

Section 2. Elections. At such time as the Members other than Declarant have the right to elect any members of the Board as provided in the Governing Documents, the election of directors shall be conducted in the following manner:

(a) Election of directors shall be held at the annual meeting of the Members or at a Special Election Meeting as hereinafter provided.

(b) Members other than Declarant shall first vote on whether or not to re-elect the current Board or to elect a slate of directors proposed by the current Board; and if by majority vote the Members (other than Declarant) represented at such meeting decide to re-elect the current Board or to elect a slate of directors proposed by the current Board, then the current Board or slate of directors, as applicable, shall serve as the Board for the duration of their terms or until removed as hereinafter provided. If the Members do not vote to re-elect the current Board or to elect a slate of directors proposed by the current Board, then the Members may elect one or more directors (subject to Declarant's rights under the Governing Documents to appoint members of the Board) nominated in accordance with the following: A nominating committee of five (5) members shall be appointed by the Board. The nominating committee shall submit names as candidates for available Board positions within thirty (30) days following its appointment. Within fifteen (15) days following the submittal of the names by the nominating committee, the Board shall schedule a Special Election Meeting to be held no more than sixty (60) days following the nominating committee's report. Not less than thirty (30) days before the Special Election Meeting, a ballot listing all candidates shall be distributed to the Members. Nominations for director candidates shall be received only from the nominating committee, and no nominations shall be solicited or accepted at the Special Election Meeting; provided, however, a Member may nominate himself or herself as a candidate for the Board at or prior to a meeting where the election is to be held.

(c) The election shall be by written ballot and by a plurality of the votes cast at the election, with each Member voting being entitled to cast that Member's votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting

Section 3. Term of Service. Excepting any member of the Board appointed by Declarant who shall serve at the pleasure of Declarant for so long as Declarant is entitled to appoint that director pursuant to the Governing Documents, the term of each member of the Board shall be two (2) years, and thereafter until such director's successor is duly elected and qualified, or until such earlier time as such director is removed in the manner hereinafter provided. At the discretion of the Board, the terms of the directors may be staggered.

Section 4. Compensation of Directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board and may be paid a fixed sum for attendance at each meeting of the Board or a stated salary as director. No such payment shall preclude any director from serving Candler Hills Neighborhood Association in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 5. Removal of Directors. No Declarant-appointed director may be removed without the consent of Declarant for so long as Declarant is entitled to appoint such director to the Board pursuant to the Governing Documents. Any member of the Board (other than those appointed by Declarant) may be recalled and removed from office, with or without cause, at a meeting of the Members, by a majority vote of the Members represented in person or by proxy at such meeting, or by an agreement in writing signed by the holders of a majority of the voting interests in Candler Hills Neighborhood Association. To do so, a written petition requesting recall or removal of a specified member must be filed with the Secretary of Candler Hills Neighborhood Association. If removal for cause is sought, said petition must clearly state the name of the member or the members of the Board sought to be removed, together with a clear, concise statement of the reasons for seeking their removal. Thereafter, a meeting of the Members to recall a member or members of the Board may be called by giving at least fourteen (14) days' notice of the meeting; and this notice shall state fully the purpose of the meeting.

Section 6. Resignation. A director of Candler Hills Neighborhood Association may resign at any time by giving a written notice to the Chairman, the Board or Candler Hills Neighborhood Association. The resignation of any director shall take effect upon delivery of the notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. Vacancies. Any director to be appointed to fill a vacancy in the Board as to which Declarant has the power of appointment, and each new directorship created by reason of an increase in the size of the Board as to which Declarant has the power of appointment, shall be appointed by Declarant. Otherwise, any vacancy occurring in the Board and any directorship to be filled by reason of an increase in the size of the Board may be filled by the affirmative vote of a majority of the current directors, though less than a quorum of the Board, or may be filled by an election at an annual or special meeting of the Members called for that purpose. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, or until the next election of one or more directors by Members if the vacancy is caused by an increase in the number of directors.

Section 8. Organizational Meeting. The organizational meeting of the newly-elected Board shall be held within ten (10) days after their election, at such place and time as shall be fixed by the Directors at the meeting at which they were elected.

Section 9. Annual Meeting. Unless otherwise determined by the Board, the annual meeting of the Board shall be held immediately following each annual meeting of Members.

Section 10. Meetings of the Board. Meetings of the Board may be called by the Chairman of the Board, and must be called by the Secretary of the Board at the written request of at least forty percent (40%) of the members of the Board.

Section 11. Telephone Meetings. Directors and committee members may participate in and hold a meeting by means of conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meetings shall constitute presence in person at the meeting, except where a person participates in the meeting for the

express purpose of objecting to the transaction of any business on the ground the meeting is not lawfully called or convened.

Section 12. Notices of Board Meetings. Notice of the date, time and place of each meeting, together with any other information as may be required by law, shall be posted in a conspicuous place on Candler Hills, broadcast on the community news video channel, posted on the community Internet website, delivered personally, sent by U. S. Mail, or distributed by any other lawful means as may be designated by the Board. Notices of meetings of the Board shall be given not later than the deadline established by applicable law, but in the absence of an emergency as determined by the Board, notices shall be given not less than forty-eight (48) hours prior to the meeting. Notices to directors shall be in writing and delivered personally, mailed to the directors at their addresses appearing on the books of Candler Hills Neighborhood Association, or sent via facsimile to the number appearing on the books of Candler Hills Neighborhood Association

Section 13. Waiver of Notice. Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened and does not thereafter vote for or assent to action taken at the meeting.

Section 14. Quorum for Board Meetings. A quorum for a meeting of the Board shall consist of the members of the Board entitled to cast a majority of the votes of the entire Board, and any action requiring a vote of the Board may be approved by a majority of votes cast at a meeting at which a quorum is present. If at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At a meeting called subsequent to such adjournment, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of that director for the purpose of determining a quorum.

Section 15. Presiding Officer. The presiding officer at a meeting of the Board shall be the Chairman of the Board, if a Chairman has been elected. In the absence of the Chairman, the directors present shall designate one of their number to preside.

Section 16. Committees. The Board, by resolution adopted by a majority of the whole Board, may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board in the business and affairs of Candler Hills Neighborhood Association except where the action of the full Board is required by Florida law. Vacancies in the membership of a committee shall be filled by the Board at a regular or special meeting of the Board. The executive committee shall keep regular minutes of its proceedings and report the same to the Board when required by the Board. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board, or any member thereof, of any responsibility imposed upon the Board or Board member by law.

Section 17. Members Right to Attend. Members shall have the right to attend any meeting of the Board or its committee at which a quorum is present. The Members' rights to speak at the meeting shall be subject to reasonable rules adopted from time to time by the Board governing the frequency, duration and manner of participation. The Board may also adopt reasonable rules governing the tape recording or videotaping of meetings of the Board.

Section 18. Action Without A Meeting. Despite anything herein to the contrary, to the extent lawful, any action required or which may be taken at any meeting of the Board, may be taken without a meeting, without prior notice and without a vote if a consent in writing, setting forth the action so taken, shall be signed by all directors. In order to be effective, the action must be evidenced by one or more written consents describing the action taken, dated and signed by all directors, and delivered to the Secretary of Candler Hills Neighborhood Association, or other authorized agent of Candler Hills Neighborhood Association. Written consent shall not be effective to take the corporate action referred to in the consent unless signed by all directors within sixty (60) days of the date of the earliest dated consent and delivered to Candler Hills Neighborhood Association as described above. Any written consent may be revoked prior to the date Candler Hills Neighborhood Association receives the required number of consents to authorize the proposed action. A revocation is not effective unless in writing and until received by the Secretary of Candler Hills Neighborhood Association or other authorized agent of Candler Hills Neighborhood Association. A consent signed in accordance with the foregoing has the effect of a meeting vote and may be described as such in any document.

Section 19. Board Powers. The powers and duties of the Board shall include, but they are not be limited to, the following:

- (a) to exercise for Candler Hills Neighborhood Association all powers, duties and authority vested in or delegated to Candler Hills Neighborhood Association;
- (b) to establish, levy and assess, and collect Assessments or charges in accordance with the Declaration;
- (c) to use the proceeds of Assessments in the exercise of its powers and performance of its duties;
- (d) to maintain, repair and/or replace the Common Property, Limited Common Property and Areas of Common Responsibility;
- (e) to adopt and publish rules and regulations governing the use of the Common Property, Limited Common Property and Areas of Common Responsibility;
- (f) to enforce by legal means the provisions of the Governing Documents and to impose fines and suspensions for violations of said provisions;
- (g) to appoint and remove at its pleasure all officers, employees and agents of Candler Hills Neighborhood Association, prescribe their duties, fix their compensation and require of them such security or fidelity bond as it may deem expedient;
- (h) to delegate any and all of the Board's rights, powers, duties, authority and obligations under the Governing Documents to a manager, which manager may or may not be an Affiliate; provided, however, that any actions and matters that, under the terms of the Governing Documents or applicable law, expressly require a specified vote of the Board and/or of the Members of Candler Hills Neighborhood Association shall continue to require such vote, and no such action may be taken or matter disposed of by the manager without the required vote of the Board and/or the Members of Candler Hills Neighborhood Association, as applicable;
- (i) to engage engineering, architectural, construction, legal, accounting and other consultants whose services are necessary or desirable in connection with the operation of Candler Hills Neighborhood Association and the administration and enforcement of the Governing Documents;

(j) to enter into contracts and leases with third parties, and to lease or purchase land and improvements from third parties in the name of Candler Hills Neighborhood Association alone or together with other associations or entities, for services that are for the benefit of the Members;

(k) to call regular and special meetings of the Members and of the Board;

(l) to fill vacancies on the Board pursuant to this Article VII;

(m) to approve or disapprove proposed purchasers, occupants, grantees, lessees and mortgagees of Units in the manner set forth in the Declaration;

(n) to join other associations, such as master or umbrella associations, and/or to merge with other associations; and to collect as part of the Assessments any dues or assessments payable by Candler Hills Neighborhood Association as a member of such other associations;

(o) to borrow money, unsecured or secured by mortgages on the Common Property or Limited Common Property, as and when deemed necessary or desirable for the performance of Candler Hills Neighborhood Association's duties or the exercise of its powers; and

(p) to take such other action or exercise such other power as may be provided for in the Governing Documents.

Section 20. Emergency Powers.

(a) In anticipation of, or during, any emergency as defined below, the Board shall be authorized to implement the following provisions for managing Candler Hills Neighborhood Association:

(i) Notice of a meeting of the Board need be given only to those directors whom it is practicable to reach and may be given in any practicable manner, including by telephone, facsimile, etc.;

(ii) One or more officers of Candler Hills Neighborhood Association present at a meeting of the Board may be deemed to be directors for the meeting, in order of rank and within the same rank in order of seniority, as necessary to achieve a quorum; and

(iii) The director or directors in attendance at a meeting, or any greater number affixed by the emergency bylaws, constitute a quorum.

(b) Either before or during any such emergency, the Board, may:

(i) Modify lines of succession to accommodate the incapacity of any director, officer, employee, or agent; and

(ii) Relocate the principal office or designate alternative principal offices or regional offices or authorize the officers to do so.

(c) Action taken in good faith during an emergency under this section to further the ordinary affairs of Candler Hills Neighborhood Association binds Candler Hills Neighborhood Association and may not be used to impose liability on an Association director, officer or employee. Any officer, director or employee acting in accordance with any emergency bylaws is only liable for willful misconduct.

(d) Except as provided above, all provisions of the regular bylaws of Candler Hills Neighborhood Association shall remain in effect during any emergency. The emergency bylaws are not effective after the emergency ends.

(e) An emergency exists for purposes of this section if a quorum of Candler Hills Neighborhood Association's directors cannot readily be assembled because of some catastrophic event.

ARTICLE VIII OFFICERS

Section 1. Officers of Candler Hills Neighborhood Association. The officers of Candler Hills Neighborhood Association shall be a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Board may from time to time desire to appoint. The officers may or may not be directors of Candler Hills Neighborhood Association.

Section 2. Appointment of Specified Officers by Board. The Chairman of the Board, the President, the Secretary and the Treasurer shall be appointed by the Board.

Section 3. Appointment of Other Officers. One or more Vice Presidents and such other officers and assistant officers as may be deemed necessary may be appointed by the Board, or, unless otherwise specified herein, by the Chairman of the Board. The Board shall be advised of appointments by the Chairman of the Board at or before the next scheduled Board meeting.

Section 4. Compensation. The salaries and other compensation of all officers of Candler Hills Neighborhood Association elected by the Board shall be established from time to time by the Board. The salaries of all other appointed officers of Candler Hills Neighborhood Association shall be fixed from time to time by the Chairman of the Board or pursuant to his direction.

Section 5. Term and Removal. The officers of Candler Hills Neighborhood Association shall hold office until their successors are appointed and qualified. Any officer appointed by the Board or the Chairman of the Board may be removed, with or without cause, by the Board whenever in its judgment the best interests of Candler Hills Neighborhood Association will be served thereby. Any officers appointed by the Chairman of the Board pursuant to Section 3 of this article may also be removed from such officer positions by the Chairman of the Board, with or without cause. Any vacancy occurring in any office of Candler Hills Neighborhood Association by death, resignation, removal or otherwise shall be filled by the Board, or, in the case of an officer appointed by the Chairman of the Board, by the Chairman of the Board or the Board.

Section 6. Powers and Duties of the Chairman of the Board. The Chairman of the Board shall be a member of the Board and an ex officio member of all standing committees, and shall be the chief executive officer of Candler Hills Neighborhood Association. The Chairman of the Board shall be the most senior officer of Candler Hills Neighborhood Association and shall be responsible for the normal day-to-day management, operation and maintenance of the business and affairs of Candler Hills Neighborhood Association in accordance with Candler Hills Neighborhood Association's annual business plan and budget. The Chairman of the Board shall be responsible for interpretation and executive implementation of the corporate policies set by the Board, and shall perform all the duties and have and exercise all rights and powers usually pertaining and attributable, by law, custom, or otherwise, to the chief executive officer. The Chairman of the Board shall have the authority to execute contracts, deeds, notes, mortgages, bonds and other instruments and papers in the name of Candler Hills Neighborhood Association and on its behalf. The Chairman of the Board shall preside at all meetings of the Members and at all meetings of the Board. At each annual meeting of the Members and at each annual meeting of the Board, the Chairman of the

Board shall present a report of the business and affairs of Candler Hills Neighborhood Association. The Chairman of the Board shall coordinate and supervise the activities of all other officers of Candler Hills Neighborhood Association. The Chairman of the Board shall have such other powers and shall perform such other duties as shall be designated by the Board. The Chairman of the Board shall designate a person to perform his or her duties and exercise his or her powers in his absence.

Section 7. Powers and Duties of the President. The President shall have such powers and shall perform such duties as shall be designated by the Chairman of the Board.

Section 8. Powers and Duties of the Vice Presidents. The Vice Presidents in the order of their seniority, unless otherwise determined by the Chairman of the Board or the Board, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President. They shall have such other powers and perform such other duties as the Chairman of the Board or the Board may from time to time designate.

Section 9. Powers and Duties of the Secretary. The Secretary shall attend all meetings of the Board and all meetings of the Members and record all the proceedings of the meetings of the Members and of the Board in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He or she shall give, or cause to be given, notice of all meetings of the Members and the Board, and shall perform such other duties as may be prescribed by the Board or Chairman of the Board, under whose supervision he or she shall be. He or she shall keep in safe custody the seal of Candler Hills Neighborhood Association and, when authorized by the Board, affix the same to any instrument requiring it. If an Assistant Secretary is appointed, the Assistant shall perform the duties of the Secretary when the Secretary is absent.

Section 10. Powers and Duties of the Treasurer. The Treasurer shall have the custody of all corporate funds, securities and evidences of indebtedness of Candler Hills Neighborhood Association and he or she shall keep full and accurate accounts of receipts and disbursements in books belonging to Candler Hills Neighborhood Association and in accordance with good accounting practices. The Treasurer shall deposit all moneys and other valuable effects in the name and to the credit of Candler Hills Neighborhood Association in such depositories as may be designated by the Board. He or she shall disburse the funds of Candler Hills Neighborhood Association as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board and the Board at its regular meetings or when the Board so requires an account of all his or her transactions as Treasurer and of the financial condition of Candler Hills Neighborhood Association.

ARTICLE IX FISCAL MANAGEMENT

The provisions for fiscal management of Candler Hills Neighborhood Association set forth in the Declaration and Articles shall be supplemented by the following provisions:

Section 1. Books and Records. The accounting books and records of Candler Hills Neighborhood Association shall be maintained at the office of Candler Hills Neighborhood Association and shall be open to inspection by Members and their mortgagees during business hours upon at least ten (10) business days prior written request to the Board. Nothing contained herein shall be construed as imposing any obligation on any management company engaged by Candler Hills Neighborhood Association to open its books or records to inspection, or as granting the right to any Member to inspect such management company's books or records. The Board may adopt reasonable rules and regulations governing the frequency, duration and manner of conducting inspections and copying of Candler Hills Neighborhood

Association's books and records and Candler Hills Neighborhood Association may impose a reasonable charge for copies.

Section 2. Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Member. Such an account shall designate the name and address of each Member, the amount of each Assessment against each Member, the dates and amounts in which the Assessments come due, the amounts paid upon the accounts, and the balance due, if any. The assessment roll shall be open to inspection by Members and their mortgagees during business hours upon at least ten (10) business days prior written request to the Board. The Board may adopt reasonable rules and regulations governing the frequency, duration and manner of conducting inspections and copying of Candler Hills Neighborhood Association's assessment roll and Candler Hills Neighborhood Association may impose a reasonable charge for copies.

Section 3. Annual Budget.

(a) By a majority vote of a quorum of the members of the Board present at a meeting of the Board called for such purpose, the Board shall adopt a budget for each fiscal year which shall contain estimates of the cost of performing the functions of Candler Hills Neighborhood Association.

(b) Copies of the proposed annual budget shall be mailed to each Member not less than thirty (30) days prior to the meeting of the Board at which the budget will be considered. The Members shall be given written notice of the date, time and place at which such meeting of the Board shall be held, and such meeting shall be open to the Members. If the budget is subsequently amended before the Assessments are made, a copy of the amended budget shall be furnished to each Member.

(c) The annual budget shall be broken down into an amount per Member in the manner described in the Declaration, and the same shall be due and payable to Candler Hills Neighborhood Association as provided in the Declaration.

Section 4. Depository. The depository in which the monies of Candler Hills Neighborhood Association shall be deposited shall be such bank or banks as shall be designated from time to time by the Board. Withdrawal of monies from such accounts shall only be made by check signed by such persons as are authorized by the Board.

Section 5. Financial Reporting. With sixty (60) days following the end of each fiscal year, the Board shall mail or furnish to each Member a report of actual receipts and expenditures for the previous twelve months. The report shall show the amounts of receipts and expenditures by accounts and classifications as set forth in the annual budget.

Section 6. Fiscal Year. Unless and until changed by the Board, the fiscal year of Candler Hills Neighborhood Association shall be the first day of January through the last day of December.

**ARTICLE X
OFFICIAL RECORDS**

Candler Hills Neighborhood Association shall maintain each of the following items, when applicable, which together shall constitute the official records of Candler Hills Neighborhood Association:

(a) Copies of any plans, specifications, permits, and warranties related to improvements constructed on the Neighborhood Common Property, the Neighborhood Limited Common Property or Areas of Common Responsibility;

- (b) A copy of these Bylaws and of each amendment thereto;
- (c) A copy of the Articles of Incorporation of Candler Hills Neighborhood Association and of each amendment thereto;
- (d) A copy of the Declaration and of each amendment thereto;
- (e) A copy of the current rules and regulations of Candler Hills Neighborhood Association;
- (f) The minutes of all meetings of the Board and all meetings of the Members, which minutes shall be retained for at least seven (7) years;
- (g) A current roster of all Members and their mailing addresses and Residential Unit identifications;
- (h) All of Candler Hills Neighborhood Association's insurance policies or copies thereof which shall be retained for at least seven (7) years;
- (i) A current copy of all contracts to which Candler Hills Neighborhood Association is a party (including but not limited to the Candler Hills Management Agreement) and any lease or other contract under which Candler Hills Neighborhood Association has any obligation or responsibility;
- (j) A copy of all bids received by Candler Hills Neighborhood Association for work to performed which shall be retained for one (1) year; and
- (k) The financial and accounting records of Candler Hills Neighborhood Association, kept according to good accounting practices, which financial and accounting records shall be maintained for a period of at least seven (7) years. The financial and accounting records shall include: (i) accurate, itemized, and detailed records of all receipts and expenditures, (ii) a current account and a periodic statement of the account for each Member obligated to pay Assessments, designating the name and current address of each Member who is obligated to pay Assessments, the due date and amount of each Assessment or other charge against the Member, the date and amount of each payment on the account, and the balance due, (iii) all tax returns, financial statements, and financial reports of Candler Hills Neighborhood Association, and (iv) any other records that identify, measure, record, or communicate financial information.

ARTICLE XI GENERAL PROVISIONS

Section 1. **Seal.** The seal of Candler Hills Neighborhood Association shall bear the name of Candler Hills Neighborhood Association, the year of incorporation, the word "Florida" and the phrase "corporation not for profit".

Section 2. **Conflicts.** It is intended that the provisions of the Declaration and Articles which apply to the governance of Candler Hills Neighborhood Association, as supplemented by the provisions in these Bylaws which are not contained in the Declaration or Articles, shall operate as the Bylaws of Candler Hills Neighborhood Association. In the case of any conflict between the provisions of the Declaration or the Articles with these Bylaws, the Declaration or Articles shall control.

Section 3. **Waiver.** No provision of these Bylaws or any rule or regulation promulgated by the Board pursuant hereto shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

Section 4. **Severability.** The provisions of these Bylaws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder.

Section 5. **Captions.** Captions are inserted herein only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision.

Section 6. **Gender and Number.** All nouns and pronouns used herein shall be deemed to include the masculine, the feminine, and the neuter, and the singular shall include the plural and the plural shall include the singular whenever the context requires or permits.

Section 7. **Roberts Rules.** All meetings of the membership of the Board shall be conducted in accordance with *Roberts Rules of Order Revised*.

ARTICLE XII AMENDMENT

These Bylaws may be amended or repealed or new Bylaws may be adopted at any meeting of the Board at which a quorum is present, by the affirmative vote of a majority of the directors present at such meeting and, except as provided below with regard to Declarant, no approval of any Member shall be required; provided, however, that these Bylaws may not be amended or interpreted so as to conflict with the Declaration or the Articles. In the event of any such conflict, the provisions of the Declaration or Articles shall prevail. Also, the amendment, repeal or replacement of these Bylaws is subject to the approval of any Declarant related amendments as provided in the Declaration, the veto power of the Declarant as set forth in the Declaration and any limitation on amendment imposed by law.

I HEREBY CERTIFY that, as of the date set forth below, the foregoing is a complete and correct copy of the Bylaws of Candler Hills Neighborhood Association as adopted and amended by the Board.


Elaine Jarosz, Secretary

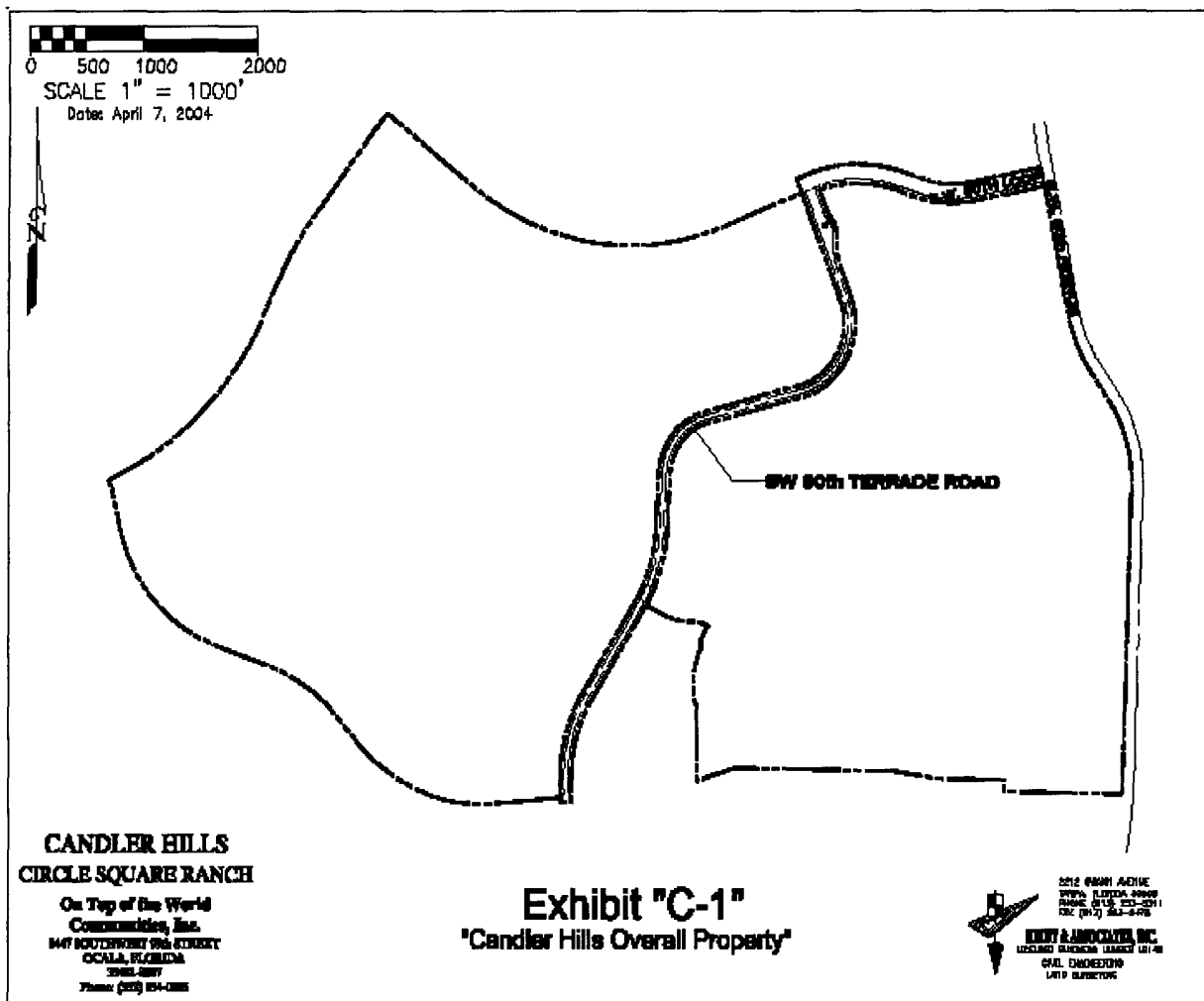
Date: June 29, 2004

EXHIBIT "C"

OVERALL CANDLER HILLS PROPERTY

THE OVERALL CANDLER HILLS PROPERTY IS COMPOSED OF THE LANDS DEPICTED ON EXHIBIT "C-1" ATTACHED HERETO, TOGETHER WITH ANY OTHER LAND HEREAFTER DESIGNATED BY DECLARANT AND LYING WITHIN A TWO MILE RADIUS OF ANY EXTERIOR BOUNDARY OF ANY PORTION OF THE LANDS DEPICTED ON EXHIBIT "C-1".

NOTE TO CLERK AND TITLE EXAMINERS: THE REFERENCE TO POSSIBLE ANNEXATION OF LAND NOT CURRENTLY OWNED BY DECLARANT IS MADE SOLELY TO ADDRESS THE POSSIBILITY THAT DECLARANT MIGHT IN THE FUTURE ACQUIRE TITLE TO ADDITIONAL LAND AND ANNEX IT TO THIS DECLARATION, OR THAT DECLARANT MIGHT JOIN WITH THE OWNER OF NEIGHBORING LAND IN JOINTLY ANNEXING IT TO THIS DECLARATION. THIS REFERENCE TO ANY LAND NOT CURRENTLY OWNED BY DECLARANT IS NOT INTENDED (AND SHALL NOT BE INTERPRETED) TO ENCUMBER ANY SUCH LAND, OR TO EVIDENCE ANY CLAIM OF ANY RIGHT, TITLE OR INTEREST IN OR TO SUCH LAND, OR TO EVIDENCE ANY RIGHT OR CLAIM OF ANY RIGHT TO PURCHASE OR ACQUIRE ANY SUCH LAND, OR TO EVIDENCE ANY RIGHT TO ANNEX ANY SUCH LAND TO THIS DECLARATION, WHETHER ON THE PART OF DECLARANT OR ANYONE ELSE.




AGREEMENT BY NEIGHBORHOOD ASSOCIATION

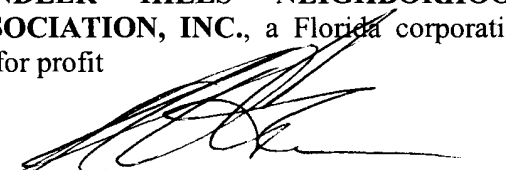
FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Candler Hills Neighborhood Association, Inc., a Florida corporation not for profit ("Candler Hills Neighborhood Association"), whose address is 8447 Southwest 99th Street Road, Ocala, Florida 34481, agrees to be bound by and to perform all of its obligations as set forth in the foregoing Declaration of Covenants, Conditions and Restrictions for Candler Hills, as amended and supplemented from time to time, (the "Declaration"), including but not limited to Candler Hills Neighborhood Association's obligations to own, operate, maintain, repair, replace and insure various areas and improvements, to administer and enforce the "Governing Documents" (as defined in the Declaration), and to collect and disburse the Assessments and charges imposed by the Declaration.

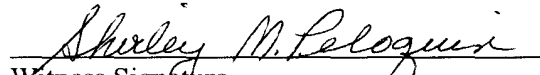
IN WITNESS WHEREOF, Candler Hills Neighborhood Association has caused this Agreement by Neighborhood Association to be signed by its duly authorized officer on the date appearing below.

WITNESSES:

CANDLER HILLS NEIGHBORHOOD ASSOCIATION, INC., a Florida corporation not for profit


Witness Signature
Printed Name: Elaine J. Janusz

By: 
Name: Kenneth D. Colen
Title: President


Witness Signature
Printed Name: SHIRLEY M. PELOQUIN

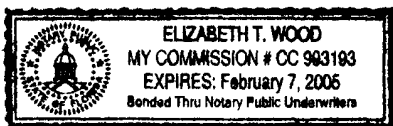
(Corporate Seal)

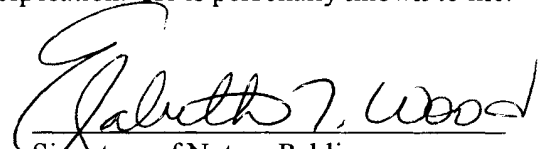
Date: June 29, 2004

STATE OF FLORIDA)
) ss:
COUNTY OF MARION)

The foregoing Agreement by Neighborhood Association was acknowledged before me this 29th day of June, 2004 by Kenneth D. Colen, the President of Candler Hills Neighborhood Association, Inc., a Florida corporation not for profit, on behalf of the corporation. He is personally known to me.

Notary Stamp:




Signature of Notary Public
Printed Name: Elizabeth T. Wood

on top of the world



DAVID R. ELLSPERMANN, CLERK OF COURT MARION COUNTY

DATE: 04/05/2005 10:29:34 AM

FILE #: 2005053537 OR BK 03993 PGS 1354-1358

THIS DOCUMENT WAS PREPARED BY:

RECORDING FEES 44.00

Peter J. Fides, II, Esquire
Greenberg Traurig, P.A.
450 South Orange Avenue, 6th Floor
Orlando, Florida 32801

Cross-Reference to Declaration: O. R. Book: 3899
First Page: 0005, *et seq.*

**FIRST AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CANDLER HILLS**

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CANDLER HILLS (this "First Amendment") is made this ____ day of March, 2005 by ON TOP OF THE WORLD COMMUNITIES, INC., a Florida corporation, whose address is 8447 Southwest 99th Street Road, Ocala, Florida 34481 ("Declarant").

RECITALS:

- A. Declarant executed the Declaration of Covenants, Conditions, Restrictions and Easements for Candler Hills (the "Declaration") dated June 29, 2004 and recorded on December 16, 2004 in Official Records Book 3899, Page 0005 of the Public Records of Marion County, Florida.
- B. Declarant is the holder of more than two-thirds (2/3) of the votes of the Candler Hills Neighborhood Association and Declarant owns all Units affected by this First Amendment, free of any mortgage liens.
- C. Declarant desires to amend the Declaration.

AMENDMENTS:

NOW, THEREFORE, the Declarant for itself, its successors and assigns, declares that:

1. **Recitals; Definitions.** The foregoing Recitals are true and correct and they are incorporated herein by this reference. Unless otherwise defined in this First Amendment, capitalized terms used in this First Amendment shall have the same meanings as are set forth for those terms in the Declaration.
2. **Zero Lot Line Residential Units.** The following is hereby inserted after the end of Article XIX of the Declaration as new Article XX of the Declaration:

ARTICLE XX
ZERO LOT LINE RESIDENTIAL UNITS

Section 1. Definitions. As used in this Article, the following defined terms shall have the following defined meanings:

(a) **Zero Lot Line Unit.** A "Zero Lot Line Unit" is a Residential Unit upon which a Home has been either: (i) constructed with one wall located on the lot line of the Residential Unit, or (ii) constructed so close to the lot line of the Residential Unit that easements over the adjoining Residential Unit are necessary for the construction, maintenance or reconstruction of the Home.

(b) **Zero Lot Line.** The "Zero Lot Line" is the lot line of a Zero Lot Line Unit upon which the wall of a Home has been constructed, or the lot line so close to which has been constructed a Home that easements over the adjoining Residential Unit are necessary for the construction, maintenance or reconstruction of the Home.

(c) **Zero Lot Easement.** The "Zero Lot Easement" is, collectively, those easements defined in Section 2 of this Article and which burden the Zero Lot Easement Area.

(d) **Zero Lot Easement Area.** The "Zero Lot Easement Area" for each Zero Lot Line Unit is the portion of the Residential Unit adjoining that Zero Lot Line Unit's Zero Lot Line which lies between the Home on that adjacent Residential Unit and that Zero Lot Line, as said side yard is extended to the front and rear lot lines of that adjacent Residential Unit; provided, however, in no event shall the Zero Lot Easement Area be less than six feet (6') wide nor more than ten feet (10') wide.

(e) **Zero Lot Wall.** A "Zero Lot Wall" is that wall of a Home that has been constructed upon the lot line of a Residential Unit or so close to the lot line of the Residential Unit that easements over the adjoining Residential Unit are necessary for the construction, maintenance or reconstruction of the Home.

(f) **Home.** A "Home" is any unit of detached residential housing which may be constructed upon a Residential Unit in accordance with this Declaration.

(g) **Permittees.** An Owner's "Permittees" are said Owner's contractors, subcontractors, suppliers, laborers and other service personnel.

Section 2. Grant Easements to Zero Lot Line Unit. Each Zero Lot Line Unit shall have a perpetual and non-exclusive easement over, under, upon and through the Zero Lot Easement Area serving that Zero Lot Line Unit for the following uses and purposes:

(a) for overhanging troughs, roofs, eaves, gutters and downspouts of the Zero Lot Line Unit to the extent existing at the time of initial completion of the Home, or after any later expansion or addition to the Home, upon

such Zero Lot Line Unit;

(b) for drainage, discharge and run-off of rainwater from the troughs, roofs, eaves, gutters or down-spouts and the subsequent flow thereof over the Zero Lot Easement Area;

(c) for construction, installation, maintenance, repair, replacement and the provision of utility services, including without limitation electricity, natural gas, telecommunications, sewer and water to serve the Zero Lot Line Unit;

(d) for construction, installation, maintenance, repair and replacement of landscaping, irrigation and drainage systems; and

(e) for encroachment and support of all structural members, footings and foundations of the Zero Lot Line Unit or other improvements which are necessary for support of the Zero Lot Line Unit to the extent existing at the time of initial completion of the Home, or after any later expansion or addition to the Home, upon such Zero Lot Line Unit.

Section 3. Grant of Access Easement to Zero Lot Line Unit. Each Zero Lot Line Unit shall have a perpetual and non-exclusive easement for entry upon, and for ingress and egress through, the Zero Lot Easement Area by and for the Owner of the Zero Lot Line Unit and that Owner's Permittees, materials and equipment, but only to the extent reasonably necessary for the exercise and enjoyment of the easements and rights granted in Section 2 of this Article.

Section 4. Restrictions on Adjoining Residential Unit. An Owner of a Residential Unit subject to a Zero Lot Easement shall do nothing which unreasonably interferes with or impairs the use of the Zero Lot Easement Area, including without limitation the placement of berms, walls, fences, trees, shrubs, or other structures or improvements within the Zero Lot Easement Area.

Section 5. Restrictions on Zero Lot Line Unit.

(a) **Condition of Zero Lot Wall.** An Owner of a Zero Lot Line Unit shall keep that Owner's Zero Lot Wall in good and presentable condition and repair.

(b) **Changes to Zero Lot Wall.** An Owner of a Zero Lot Line Unit, other than the Declarant, shall not make any structural or cosmetic changes in its Zero Lot Wall, including without limitation changing of the exterior color of or adding a window to the Zero Lot Wall, without first complying with the Master Declaration and Article X of this Declaration.

(c) **Hazardous Activities.** An Owner of a Zero Lot Line Unit shall not do anything which causes damage to the adjoining Residential Unit or Zero Lot Easement Area or which creates an undue hazard to persons or property on the adjoining Residential Unit.

IN WITNESS WHEREOF, Declarant has caused these presents to be executed by its lawful officer hereunto duly authorized on the date first above written.

WITNESSES:

ON TOP OF THE WORLD COMMUNITIES, INC.,
Florida corporation

Janet Colacone
Witness Signature
Printed Name: Janet Colacone

By: [Signature]
Name: Kenneth D. Colen
Title: President

Date: April 4, 2005

Roberta Sales
Witness Signature
Printed Name: Roberta Sales

(Corporate Seal)



STATE OF FLORIDA)
) ss:
COUNTY OF MARION)

The foregoing First Amendment to Declaration of Covenants, Conditions, Restrictions and Easements for Candler Hills was acknowledged before me this 4th day of April, 2005 by Kenneth D. Colen, the President of On Top of the World Communities, Inc., a Florida corporation, on behalf of the corporation. He is personally known to me.

Notary Stamp:



Alice T. Garrett
Commission # DD198259
Expires: MAR. 30, 2007
Bonded Thru
Atlantic Bonding Co., Inc.

Alice T. Garrett
Signature of Notary Public
Printed Name: Alice T. Garrett

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**CERTIFIED:
A TRUE COPY**

David R. Ellspermann

By: [Signature]
DEPUTY CLERK