

**DECLARATION OF COVENANTS, RESTRICTIONS AND
EASEMENTS FOR
HIGHLAND GROVE ESTATES**

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS ("Declaration") is made this 21st day of February, 2006 by Highland Groves Estates, LLC, a Florida limited liability company, its successors and assigns ("Declarant"), and is joined in by the HIGHLAND GROVE ESTATES HOMEOWNERS ASSOCIATION, INC., a Florida corporation not for profit ("Association").

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

WHEREAS, Declarant desires to develop a planned community to be known as "Highland Grove Estates" (as hereinafter defined); and

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

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

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

**ARTICLE I
DEFINITIONS**

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

Section 1. "AMENDMENT(S)" shall mean any and all amendments to this Declaration, all of which shall be consecutively numbered beginning with the "First Amendment to the Declaration of Covenants, Restrictions and Easements for Highland Grove Estates" and each of which shall be properly adopted pursuant to the terms of the Highland Grove Estates Documents and recorded in the Public Records of the County; provided, however, the failure to so consecutively number such amendments shall not impair their validity hereunder and such

amendments to the extent not otherwise numbered will be deemed to have been numbered in chronological order of their appearance in the Public Records of the County.

Section 2. "AREAS OF COMMON RESPONSIBILITY" shall mean and refer to those areas, if any, which by contract or agreement with any other person or entity is or hereafter becomes the responsibility, in whole or in part, of the Association. In addition, any public rights-of-way abutting the Property may (at the election of the Board of Directors) be deemed to be part of the Area(s) of Common Responsibility.

Section 3. "ARTICLES" shall mean the Articles of Incorporation of the Association which have been filed in the Office of the Secretary of State of Florida, a true copy of which is attached hereto as Exhibit "B" and incorporated herein by this reference, as such Articles may be amended from time to time.

Section 4. "ASSESSMENT" shall mean assessments for which all Owners are obligated to the Association and includes "Individual Home Assessments" and "Special Assessments" (as such terms are defined in Article VII hereof) and any and all other assessments which are levied by the Association in accordance with the Highland Grove Estates Documents.

Section 5. "ASSOCIATION" shall mean and refer to HIGHLAND GROVE ESTATES HOMEOWNERS ASSOCIATION, INC., a not-for-profit Florida corporation, its successors and assigns, existing pursuant to the Articles of Incorporation, filed in the Office of the Secretary of State of Florida on February 23, 2006, as amended by any amendments thereto, and which Association is responsible for the maintenance, preservation and architectural control of Highland Grove Estates as provided in this Declaration. The "Association" is NOT a condominium association and is not intended to be governed by Chapter 718, the Condominium Act, Florida Statutes.

Section 6. "ASSOCIATION PROPERTY" shall mean such portions of the Property which are not included in any Lot and which are or shall be owned and maintained by the Association, as set forth in this Declaration, for the common use and enjoyment of the Owners within Highland Grove Estates, including, without limitation, landscaping, open spaces, private drives, sidewalks, recreation areas, irrigation facilities, decorative signs, perimeter fences, entry or other lighting, if any, and buffer tracts but excluding any public utility installations thereon.

Section 7. "BOARD" shall mean the governing body of the Association.

Section 8. "BYLAWS" shall mean the Bylaws of the Association, which have been or will be adopted by the Board, a copy of which is attached hereto as Exhibit "C" and incorporated herein by this reference, as such Bylaws may be amended from time to time.

Section 9. "COMPLETED HOME" shall mean a Home for which a certificate of occupancy or equivalent therefor has been issued by the appropriate governmental agency and which has been conveyed by Declarant.

Section 10. "COMPLETED HOME OWNER" shall mean the Owner of a Completed Home.

Section 11. "COUNTY" shall mean Palm Beach County, Florida.

Section 12. "DECLARANT" shall mean and refer to Highland Groves Estates, LLC, a Florida limited liability company, and any successor or assign thereof to which Highland Groves Estates, LLC specifically assigns all or part of the rights of Declarant hereunder by an express written assignment, whether recorded in the Public Records of the County or not. The written portion of the Property. In any event, any subsequent declarant shall not be liable for any default or obligations incurred by any prior declarant, except as may be expressly assumed by the subsequent declarant. An Owner shall not, solely by the purchase of a Home, be deemed a successor or assign of Declarant under the Highland Groves Estates Documents unless such Owner is specifically so designated as a successor or assign of such rights in the instrument of conveyance or any other instrument executed by Declarant.

Section 13. "DECLARATION" shall mean this instrument together with any amendments thereto, which may be recorded amongst the Public Records.

Section 14. "DIRECTOR" shall mean a member of the Board.

Section 15. "DRAINAGE SYSTEM" shall mean all structures required to collect and convey rainfall runoff from Highland Groves Estates. The Drainage System is located upon and designed to serve the Property, as defined and described in Article II, Section 2(5) hereof. The Drainage System is a private drainage system.

Section 16. "HIGHLAND GROVE ESTATES" shall mean that planned residential development located in Palm Beach County, Florida, which encompasses the Property and is intended to comprise thirteen (13) attached Homes located in three (3) buildings and Association Property.

Section 17. "HIGHLAND GROVE ESTATES DOCUMENTS" shall mean in the aggregate this Declaration, the Articles and the Bylaws and all of the instruments and documents referred to therein, including, but not limited to, any Amendment(s).

Section 18. "HOME" shall mean one (1) of thirteen (13) attached residential dwelling units contained in three (3) buildings (hereinafter defined) constructed within Highland Groves Estates, each of which is designed and intended for use and occupancy as a single-family residence.

Section 19. "IMPROVEMENT" shall mean all structures or artificially created conditions and appurtenances thereto of every type and kind located within Highland Groves Estates, including, but not limited to, buildings, walkways, parking areas, berms, sprinkler pipes, drives, driveways, retaining walls, underground footers and other foundation supports, stairs, landscaping, hedges, plantings, the pool, patios, screen enclosures, basketball backboards and hoops, signs, site walls, benches, mailboxes, decorative lights and signs.

Section 20. "INSTITUTIONAL MORTGAGE" shall mean a mortgage held by an Institutional Mortgage on any property within Highland Grove Estates.

Section 21. "INSTITUTIONAL MORTGAGEE OR INSTITUTIONAL LENDER" shall mean any lending institution owning a first mortgage encumbering any Home within Highland Grove Estates, which owner and holder of said mortgage shall either be a bank, life insurance company, federal or state savings and loan association, real estate or mortgage investment trust, building and loan association, mortgage banking company licensed to do business in the State of Florida, or any subsidiary thereof, licensed or qualified to make mortgage loans in the State of Florida or a national banking association chartered under the laws of the United States of America or any "secondary mortgage market institution," including the Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") and such other secondary mortgage market institutions as the Board shall hereafter approve in writing.

Section 22. "INTEREST" shall mean the maximum nonusurious interest rate allowed by law on the subject debt or obligation, and if no such rate is designated by law, then eighteen percent (18%) per annum.

Section 23. "LEGAL FEES" shall mean reasonable fees for attorney and paralegal services incurred in connection with (i) negotiation and preparation for litigation, whether or not an action is actually begun, through and including all trial and appellate levels and postjudgment proceedings, and (ii) collection of past due Assessments including, but not limited to, preparation of notices and liens; and shall also include court costs through and including all trial and appellate levels and postjudgment proceedings.

Section 24. "LOT" shall mean and refer to any parcel of land within Highland Grove Estates upon which a Home is permitted to be constructed, together with the improvements thereon.

Section 25. "MEMBERS" shall mean and refer to all of the Owners who are also members of the Association, as provided herein.

Section 26. "NOTICE AND HEARING" shall mean written notice and a public hearing before a tribunal appointed by the Board at which the Owner concerned shall have an opportunity to be heard in person or by counsel, at Owner's expense, in the manner set forth in Article IX herein.

Section 27. "OPERATING EXPENSES" shall mean the expenses for which Owners are liable to the Association as described in this Declaration and any other Highland Grove Estates Documents and include, but are not limited to, the costs of maintaining the Common Structural Elements and the costs and expenses incurred by the Association in administering, operating, maintaining, financing, or repairing the Common Structural Elements, the costs and expenses incurred by the Association in administering, operating, maintaining, financing, or repairing, but not reconstructing, replacing or improving, the Association Property or any portion thereof and

Improvements thereon and all costs and expenses incurred by the Association in carrying out its powers and duties hereunder or under any other Highland Grove Estates Documents.

Section 28. "OWNER" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot within Highland Grove Estates, and includes Declarant for as long as Declarant owns fee simple title to a Lot, but excluding therefrom those having such interest as security for the performance of an obligation.

Section 29. "SITE PLAN" shall mean and refer to the site plan for the Property attached hereto and made a part hereof as Exhibit "E."

Section 30. "TURNOVER DATE" shall mean the date upon which "Class A Members" (as defined in Article V.D.1 of the Articles), including Declarant, shall assume control of the Association and elect the Board, as more particularly described in Article V.D.2 of the Articles.

ARTICLE II DESCRIPTION OF HIGHLAND GROVE ESTATES

Section 1. GENERAL PLAN OF DEVELOPMENT. Highland Grove Estates comprises the Property encompassing, or which will encompass, Homes and Association Property, as more particularly defined by this Declaration. Highland Grove Estates is planned to be comprised of thirteen (13) attached Homes contained in three (3) buildings and the Association Property in accordance with this Declaration. Declarant has reserved the right to modify its plan of development of Highland Grove Estates and, therefore, the number of Homes within Highland Grove Estates may change. Declarant's general plan of development further contemplates that such Homes shall be whatever types of structures Declarant may choose which are in conformance with this Declaration. Declarant's general plan of development of Highland Grove Estates may also include whatever facilities and amenities Declarant considers in its sole judgment to be appropriate to Highland Grove Estates.

Declarant expressly reserves the right to (i) commence construction and development of the Property if and when Declarant desires; (ii) develop the Property upon such timetable as Declarant, in its sole discretion, chooses; and (iii) modify the plan of development of the Property in such manner as it, in its sole discretion, chooses. Nothing contained herein shall be construed as obligating Declarant to construct Highland Grove Estates according to the present plan of development.

Section 2. ASSOCIATION PROPERTY. The Association Property is planned to consist of all the property described on Exhibit "D" attached hereto and made a part hereof.

The Association Property shall be used for open space, recreation, parking and ingress and egress purposes as well as other proper purposes, by the Association and the Owners and their family members, guests, invitees and lessees in accordance with the Highland Grove Estates Documents. Association Property may not be altered, modified, removed or replaced by Owners or their family members, guests, invitees or lessees.

The portions of Highland Grove Estates described in this Section 2 shall constitute Association Property and shall be used solely in accordance with the covenants impressed upon the Association Property as follows:

(1) Drives. The "Drives" are those portions of the Association Property as shown on the Site Plan and which are constructed by Declarant as such. The Drives shall be used as private drives by Declarant, the Association and the Owners, their family members, guests, lessees and invitees in accordance with the provisions of this Declaration. The Drives shall be maintained, administered and ultimately owned by the Association. The Association shall also be responsible for the maintenance, repair and replacement of the driveways serving each Home, including that portion of the driveway in a Drive unless the damage to the driveway was caused by an Owner's negligence in which case the Owner shall be responsible for all costs associated with repairing the driveway. However, the Owner on whose Lot the Driveway is located is responsible for the cleaning thereof.

(2) Parking Areas. The "Parking Areas" are those portions of the Association Property as shown on the Site Plan and which are constructed by Declarant as such. The Parking Areas shall be used as guest parking areas by Declarant, the Association and the Owners, their family members, guests, lessees and invitees in accordance with the provisions of this Declaration. The Parking Areas shall be maintained, administered and ultimately owned by the Association.

(3) Landscaped Areas or Grassed Areas. The landscaped areas and grassed areas are those portions of the Association Property as shown on the Site Plan and upon which Declarant has placed landscaping, including grass, shrubs and trees and are to be used, kept and maintained as such by the Association, and the Owners within Highland Grove Estates, their family members, guests, lessees and invitees, in accordance with the provisions of this Declaration. The Landscaped Areas and Grassed Areas shall be ultimately owned by the Association and shall be administered and maintained by the Association in accordance with the requirements of the appropriate governmental agencies.

(4) Common Lighting. Any "Common Lighting" and any associated facilities placed within the Association Property, shall be repaired, replaced, relocated, maintained and owned by the Association which is also responsible to pay all fees associated with such repair, replacement and maintenance, and for the furnishing of electricity thereto. Nothing in this Declaration shall be construed to require Declarant to install Common Lighting within Highland Grove Estates.

(5) Drainage System. The Drainage System as shown on the Site Plan or otherwise located within the Property is a private Drainage System. The Association shall be responsible for all costs associated with all cleaning, maintenance, repair and replacement of any portion of the Drainage System necessary to maintain the system in its original condition and use.

(6) Recreation Area. Declarant shall construct a swimming pool and related facilities ("Recreation Area") on the Property. The Recreation Area shall be part of the Association Property and shall be used for recreational purposes by the Association, and the Owners and their family members, guests, invitees and lessees. Such portion, if any, of the Recreation Area upon which Declarant hereafter constructs improvements shall be kept and maintained for use in a manner consistent with the nature of such improvements located or to be located thereon. The Recreation Area shall always be kept and maintained by the Association for recreational uses or beautification and attendant uses and shall be used for such purposes and not for residential, commercial or industrial construction of any kind. The Recreation Area shall be maintained, administered and ultimately owned by the Association.

Declarant reserves the right, but shall not be obligated, to construct additional recreational facilities upon the Recreation Area and to change the facilities planned for the Recreation Area. Notwithstanding anything contained herein, neither Declarant nor the Association makes any representations whatsoever to commence, complete or construct any recreational facilities within any specific time period. Declarant, at its sole discretion, reserves the right to reduce the planned facilities.

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

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

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

Section 4. COSTS. All costs associated with operating, maintaining, repairing and replacing the Association Property shall be the obligation of the Association. The Association Property

shall be conveyed to the Association in accordance with the provisions of Article III, Section 6 hereof.

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

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

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

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

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

Section 6. COMMON STRUCTURAL ELEMENTS

1. Each building ("Building(s)") containing Homes shall contain Common Structural Elements which include, but are not limited to, the following:

(a) **Utility Lines.** All utility lines, ducts, conduits, pipes, fire sprinklers, wires and other utility fixtures and appurtenances which are located on or within each Building and which directly or indirectly in any way service more than one (1) Home in such Building.

(b) **Party Walls.** All division walls ("Party Walls") between two (2) Homes located upon a Lot line between two (2) Homes, provided that the mere fact that such a division wall between two (2) Homes is found to be not on a Lot line shall not preclude that own such Party Wall as tenants in common.

(c) **Bearing Walls.** Any and all walls or columns necessary to support the roof structure.

(d) Exterior Finish. Any and all siding, finish, trim, exterior sheathings and other exterior materials and appurtenances on the exterior of each Building.

(e) Flooring. The entire concrete floor slab or wood floor system if utilized in lieu thereof and all foundational and support structures and appurtenances thereto.

(f) Privacy Walls. The walls (other than Party Walls) or hedges erected or which may be erected along the Lot lines and all foundational and support structures with respect thereto.

Should the Common Structural Elements or a part thereof extend beyond the Lot, same shall not be deemed to violate the provisions of this Declaration and such easements as may be necessary to accommodate and permit the Common Structural Elements as same shall be constructed are hereby imposed.

3. In the event any Common Structural Element or part thereof located within a Home require maintenance, repair or replacement and the necessity for such maintenance, repair or replacement was not due to any act or failure to act on the part of the Owner of the Home in question and the cost of such maintenance, repair or replacement would result in an inequitable and unfair burden upon any particular Home, the cost of such maintenance, repair or replacement shall be an Operating Expense shared by all of the Homes.

Section 7. RULES AND REGULATIONS. The Association shall, from time to time, impose rules and regulations regarding the use and enjoyment of the Association Property, the Homes and Improvements and other portions of the Property. The rules and regulations so promulgated shall, in all respects, be consistent with the provisions of the Highland Grove Estates Documents. The rules and regulations shall not apply to Declarant as an Owner unless Declarant consents thereto.

ARTICLE III CONVEYANCE OF ASSOCIATION PROPERTY

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

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

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

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

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

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

ARTICLE IV OWNERS' PROPERTY RIGHTS

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

A. The right and duty of the Association to reasonably limit the number of

guests, invitees or lessees of an Owner using the Association Property.

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

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

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

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

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

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

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

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

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

K. The easements provided elsewhere in this Declaration which are the perpetual maintenance obligation of the Association and those set forth in this Article IV.

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

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

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

Section 4. EASEMENTS FOR VEHICULAR TRAFFIC. In addition to the general easements for use of the Association Property reserved herein, there shall be, and Declarant hereby reserves, grants, and covenants for itself and all future Owners, their family members, guests, invitees and lessees, Institutional Mortgagees of the Property (or portions thereof), and to the Association, that all of the foregoing shall have a perpetual nonexclusive easement for vehicular traffic over any private Drives within or upon the Property.

Section 5. ACCESS EASEMENT. Declarant hereby reserves perpetual, nonexclusive easements of ingress and egress over and across any private Drives and driveways within or upon the Property which are necessary or convenient for enabling Declarant to carry on the work referred to in this Declaration, which easements shall be for the use of Declarant, Declarant's employees, contractors and agents, Declarant's successors and assigns, Owners, and the respective lessees, employees, agents, invitees, and licensees of Declarant and Owners.

Section 6. GRANT AND RESERVATION OF EASEMENTS. Declarant hereby reserves and grants the following perpetual, nonexclusive easements over and across the Property as covenants running with the Property for the benefit of the Owners, the Association, and Declarant as hereinafter specified for the following purposes:

A. Utility and Services Easements. The Property shall be subject to an easement or easements to provide for: (a) installation, service, repair and maintenance of the equipment required to provide utility services to the Association Property and the Homes, including, but not limited to, power, lights, telephone, cable television, gas, water, sewer and drainage, and (b) governmental services, including, but not limited to, police, fire, health, sanitation and other public service personnel, including reasonable rights of access for persons and equipment necessary for such purposes for the benefit of the appropriate utility companies, agencies, franchises or governmental agencies. Certain utility lines which serve more than one Home run through portions of the Homes. The easement described in this Section is intended to provide the right for such utility lines to exist within the Homes.

B. Easement for Encroachment. The Property shall be subject to an easement or easements for encroachment in favor of each Owner in the event any portion of his/her Home

or appurtenant improvements installed by Declarant such as stucco, a hedge or underground footer now or hereafter encroaches upon any of the Lots as a result of minor inaccuracies in survey or construction, by design, or due to settlement or movement. Such encroaching improvements installed by Declarant shall remain undisturbed for so long as the encroachment exists. Any easement for encroachment shall include an easement for the maintenance and use of the encroaching improvements in favor of the Owner thereof or his/her designees.

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

D. Easement Over Association Property. An easement of enjoyment in favor of all Owners, their family members, guests, invitees and lessees in and to the Association Property which shall be appurtenant to and shall pass with title to every Home, subject to the right of the Association to grant permits, licenses and easements over the Association Property for utilities and other purposes, reasonably necessary or useful for the proper maintenance or operation of the Property and all provisions set forth in the Highland Grove Estates Documents.

E. Structural Cross Easements. Cross easements of support and use over, upon, across, under, through and into the Common Structural Elements are hereby granted in favor of the Owners or their designees for the continued use, benefit and enjoyment and continued support, service, maintenance, repair and design of all Homes and Common Structural Elements within any portion of the Property.

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

G. Drainage System Encroachment Easement. An easement for encroachment over, under and upon the drainage easements located within the Lots, in favor of (i) the Owner of the Lot upon which the drainage easement is located for the existence of any driveway and/or sidewalk or irrigation system or part thereof, and (ii) the Association for reasonable rights of access for persons and equipment to construct, install, maintain, alter, inspect, remove, relocate and repair any driveway and/or sidewalk, or irrigation system or part thereof installed or located thereon. In the event the Association requires access to any Drainage System improvements within a drainage easement located within a Lot upon which any such driveway and/or sidewalk or irrigation system encroaches, the Association has the obligation, at its own cost and expense, to remove and replace any such encroachment, and to return it to its condition immediately preceding such removal and replacement once access to the drainage

easement is no longer required. The flowage easements providing for drainage run between each of the Lots parallel to and over the side lot line thereof, draining from the rear to the front of the Lots.

Section 7. ASSIGNMENTS. The easements reserved hereunder may be assigned by Declarant or the Association in whole or in part to any city, county or state government or agency thereof, or any duly licensed or franchised public utility, or any other designee of Declarant. The Owners hereby authorize Declarant and/or the Association to execute, on their behalf and without further authorization, such grants of easement or other instruments as may from time to time be necessary to grant easements over and upon the Property or portions thereof in accordance with the provisions of this Declaration.

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

ARTICLE V MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION. BOARD: DURATION OF THE ASSOCIATION

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

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

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

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

Section 1. AFFIRMATIVE COVENANT TO PAY ASSESSMENTS. In order to: (i) fulfill the terms, provisions, covenants and conditions contained in Highland Grove Estates Documents; and (ii) maintain, operate and preserve the Association Property for the use, safety, welfare and benefit of the Members and their family members, guests, invitees and lessees, there is hereby imposed upon each Completed Home and each Completed Home Owner (For purposes of Assessments, Declarant shall be considered a Complete Home Owner only in the event it leases a Completed Home prior to conveying the Completed Home to a third party.), the

affirmative covenant and obligation to pay to the Association commencing from and after the first conveyance of a Home from Declarant as evidenced by the recordation of a Deed in the Public Records of the County (in the manner herein set forth) all Assessments, including, but not limited to, the Individual Home Assessments and Special Assessments. Each Owner, by acceptance of a deed or other instrument of conveyance conveying a Home, whether or not it shall be so expressed in such deed or instrument, shall be obligated and agrees to pay to the Association all Assessments in accordance with the provisions of the Highland Grove Estates Documents.

The following expenses of the Association are hereby declared to be Operating Expenses which the Association is obligated to assess and collect, and which the Owners of Completed Homes are obligated to pay as provided herein or as may be otherwise provided in the Highland Grove Estates Documents: (1) any and all taxes and tax liens which may be assessed or levied at any and all times against the Association Property or against any and all personal property or improvements thereon; (2) all charges levied for utilities providing services for the Association Property, such as water, gas, electricity, telephone, cable television, sanitation, sewer and any type of utility or any other type of service charge which is not separately billed to an Owner; (3) the premiums on policies of insurance including, but not limited to, liability, casualty and directors and officers liability insurance for the Association Property; (4) any sums necessary for the maintenance and repair of the Association Property and all improvements located thereon; (5) administrative and operational expenses; and (6) any and all expenses deemed to be Operating Expenses by the Association. The Board may, if it so determines, include reserves in the Association's annual budget. In addition, any expense which is required by this Declaration to be the matter of Special Assessment shall not be deemed to be an Operating Expense. Expenses which are required to be the matter of Special Assessment include, by way of example but not by way of limitation, the following: the cost of reconstructing, replacing or improving the Association Property or any portion thereof or improvements thereon; any casualty loss affecting the Association or the Association Property to the extent such loss exceeds the insurance proceeds, if any, receivable by the Association as a result of such loss; any judgment against the Association (or against a Director or Directors if and to the extent such Director is, or such Directors are, entitled to be indemnified by the Association therefor pursuant to the Articles) to the extent such judgment exceeds the insurance proceeds, if any, received by the Association as a result of such judgment, or an agreement by the Association (or such Director or Directors to whom indemnification is owed) to pay an amount in settlement of a lawsuit against it (or such Director or Directors) to the extent such settlement exceeds the insurance proceeds, if any, received by the Association as a result of such settlement agreement; and legal fees and costs (including, without limitation, attorneys and paralegal fees and court costs) incurred by the Association in connection with litigation (whether incurred for the preparation, filing, prosecution or settlement thereof or otherwise), except Legal Fees incurred by the Association in connection with the collection of Assessments or other charges which Owners of Completed Homes are obligated to pay pursuant to the Highland Grove Estates Documents or the enforcement of the use and occupancy restrictions contained in Highland Grove Estates Documents.

The Operating Expenses with respect to the Association Property are payable by

each Owner of a Completed Home to the Association notwithstanding the fact that Declarant may not have as yet conveyed title to the Association.

Operating Expenses shall include Operating Expenses with respect to the Association Property and the costs of maintaining the Common Structural Elements and the costs and expenses incurred by the Association in administering, operating, maintaining, financing, or repairing the Common Structural Elements.

Section 2. ESTABLISHMENT OF LIENS. Each Assessment against a Completed Home,

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

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

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

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

3. To file an action in equity to foreclose its lien at any time after the effective date thereof as provided in Section 2 hereinabove. The lien may be foreclosed by an action in the name of the Association in like manner as a foreclosure of a mortgage on real property.

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

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

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

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

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

ARTICLE VII METHOD OF DETERMINING ASSESSMENTS AND ALLOCATION OF ASSESSMENTS

Section 1. DETERMINING AMOUNT OF ASSESSMENTS. The total anticipated Operating Expenses for each calendar year shall be set forth in the budget ("Budget") prepared

by the Board as required under the Highland Grove Estates Documents. Each Completed Home shall be assessed its pro rata portion of the total anticipated Operating Expenses, which shall be the "Individual Home Assessment" as to each Completed Home. Operating Expenses for the Association Property shall be divided by the number of Completed Homes (which will be thirteen (13) when all the planned Homes are completed). Notwithstanding anything in the Highland Grove Estates Documents to the contrary, any Assessment for legal expenses incurred by the Association for lawsuits shall be deemed an Operating Expense which is properly the subject of Special Assessment and not the subject of an Individual Home Assessment, except the legal fees incurred by the Association in connection with the collection of assessments or other charges which Owners are obligated to pay pursuant to the Highland Grove Estates Documents or the enforcement of the use and occupancy restrictions contained in the Highland Grove Estates Documents.

Section 2. ASSESSMENT PAYMENTS. Individual Home Assessments shall be payable quarterly, in advance, on the first day of each month. Notwithstanding the foregoing, the Board has the right to change the method and frequency of the payments of Individual Home Assessments. Individual Home Assessments, and the quarterly installments thereof, may be adjusted from time to time by the Board due to changes in the Budget or in the event the Board determines that an Assessment or any installment thereof is either less than or more than the amount actually required.

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

Section 4. LIABILITY OF OWNERS FOR INDIVIDUAL HOME ASSESSMENTS. By the acceptance of a deed or other instrument of conveyance of a Completed Home, each Owner thereof acknowledges that each Completed Home and the Owners thereof are jointly and severally liable for their own Individual Home Assessments and their applicable portion of any Special Assessments, as well as for any and all other Assessments for which they are liable, as

provided for herein. Such Owners further recognize and covenant that they are jointly and severally liable with the Owners of all Completed Homes for the Operating Expenses (subject to any specific limitations provided for herein such as, but not limited to, the limitation with respect to matters of Special Assessment and the limitations on the liability of Institutional Mortgagees and their successors and assigns). Accordingly, subject to such specific limitations, it is recognized and agreed by each Owner, for himself/herself and his/her heirs, executors, successors and assigns, that in the event any Owner fails or refuses to pay his/her Individual Home Assessment or any portion thereof, or his/her respective portion of any Special Assessment or any other Assessment, then the other Owners of Completed Homes may be responsible for increased Individual Home Assessments or Special Assessments or other Assessments due to the nonpayment by such other Owner, and such increased Individual Home Assessment or Special Assessment or other Assessment can and may be enforced by the Association and Declarant in the same manner as all other Assessments hereunder as provided in the Highland Grove Estates Documents.

Section 5. WORKING FUND CONTRIBUTION. Each Owner who purchases a Completed Home from Declarant shall pay to the Association at the time legal title is conveyed to such Owner, a "Working Fund Contribution." The Working Fund Contribution shall be equal to two months' share of Operating Expenses. The purpose of the Working Fund Contribution is to insure that the Association will have cash available for initial start-up expenses, to meet unforeseen expenditures or to acquire additional equipment and services deemed necessary or desirable by the Board. Working Fund Contributions are not advance payments of Individual Home Assessments and shall have no effect on future Individual Home Assessments, nor will they be held in reserve. Working Fund Contributions may be used to offset Operating Expenses.

Section 6. WAIVER OF USE. No Owner, other than Declarant, may exempt himself from personal liability for Assessments duly levied by the Association. No Owner may release the Completed Home owned by him/her from the liens and charges hereof either by waiver of the use and enjoyment of the Association Property and the facilities thereon or by abandonment of his/her Home.

ARTICLE VIII MAINTENANCE AND REPAIR OBLIGATIONS

Section 1. BY THE ASSOCIATION

A. The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the Improvements and facilities located upon the Association Property. Should any incidental damage be caused to any Home by virtue of the Association's failure to maintain the Association Property as herein required or by virtue of any work which may be performed or caused to be performed by the Association in the maintenance, repair or replacement of any Association Property, the Association shall, at its expense, repair such incidental damage. The Association shall not, however, be responsible for any loss of use, any hardship, an Owner's time or any other consequential or punitive damages.

B. The Association shall operate, maintain and repair a water sprinkler system constructed over, through and upon the Association Property and the Lots as it shall deem appropriate. The Association shall be responsible for the costs of operation and maintenance of such sprinkler system, including any monthly fees and other costs of water usage and the cost of repair or replacement to all or any part thereof. There is hereby reserved in favor of the Association the right to enter upon the Association Property and all Lots for the purpose of operating, maintaining, repairing and replacing a water sprinkler system over, through and upon the Association Property and the Lots.

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

C. The Association shall maintain and care for all landscaping and grassed areas encompassed within each Lot and the Association Property. "Maintenance and care" within the meaning of this Subsection C shall include irrigating, fertilizing, spraying and trimming of landscaping and grassed areas and replacement of same, including the replacement of any dead or dying trees, so that, at a minimum, the initial landscaping for the Lot provided by the Declarant shall be maintained. If an Owner plants trees and/or landscaping on his/her Lot (with the prior written consent of the Association), such Owner shall be responsible for the maintenance of same.

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

E. The Association shall be responsible for the maintenance, repair and replacement of any common lighting located in Highland Grove Estates.

F. The Association shall be responsible for the maintenance, repair and replacement of any shrubs, trees and landscaping located on Association Property and the Lots, except for those shrubs, trees and landscaping placed on a Lot by an Owner (with the prior written consent of the Association) in which case, the Owner shall be responsible for such maintenance, repair and replacement.

G. The Association shall be responsible for the painting of the exterior surface of the walls, doors, windows of the Homes (using the same colors as originally used by Developer) and for maintaining all Common Structural Elements of the Homes, except for window washing which shall be the responsibility of each Owner. Any proposed change in the paint scheme of Highland Grove Estates shall require the affirmative vote of seventy-five percent (75%) of the Owners.

H. The Association shall be responsible for the painting of the garage doors but not the mechanisms associated with garages located within the Homes and shall not be responsible for any other maintenance of the garages.

The Association shall be responsible for the maintenance and repair of any Areas of Common Responsibility, if any.

J. The Association shall be responsible for maintenance and repair of the electronic card access gates and common mailboxes.

K. The Association, by action of its Board, may make minor and insubstantial alterations and improvements to the Association Property and/or the Building having a cost not in excess of Five Thousand Dollars (\$5,000). (Such amount is based on the value of the dollar in 2004 and shall be increased each year thereafter based upon increases in the Consumer Price Index.) All other alterations and improvements must first be approved by at least two-thirds (2/3) of all Owners represented in person or by proxy at a meeting called and held in accordance with the Bylaws. No alteration or improvement may be made to the Association Property and/or Building which materially and adversely affects the rights of the Owner of any Home to the enjoyment of his/her Home or the Association Property unless the Owner and all mortgagees holding recorded mortgages on such Home consent thereto in writing.

L. All expenses incurred by the Association in connection with the services and maintenance described in Paragraphs A through J, inclusive, are Operating Expenses, payable by each Owner of a Completed Home under the provisions of this Declaration concerning Assessments. Should the maintenance, repair or replacement provided for in Paragraphs A through J of this Section I be caused by the negligence of or misuse by an Owner, his/her family, guests, servants, invitees, or lessees, such Owner shall be responsible therefor, and the Association shall have the right to levy an Assessment against such Owner's Home and said Assessment shall constitute a lien upon the appropriate Completed Home with the same force and effect as liens for Operating Expenses.

M. The Association has a reasonable right of entry upon any Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of Highland Grove Estates.

N. The Association shall operate, maintain and repair the sanitary sewer collection system, including but not limited to, the lift station.

Section 2. BY THE OWNERS.

A. The Owner of each Home must keep and maintain his/her Home and the improvements thereon, which are not maintained by the Association, including equipment and appliances, in good order, condition and repair, and must perform promptly all maintenance and repair work within his/her Home which, if omitted, would adversely affect Highland Grove Estates, the other Owners or the Association and its Members. The Owner of each Home shall be responsible for any damages caused by a failure to so maintain such Home. The Owners' responsibility for maintenance, repair and replacement shall include, but not be limited, to the caulking and maintenance of the doors and windows (including glass and frame) of the Home, and the exterior surface of such doors and windows shall at all times be maintained in a good and serviceable condition with no damage or other defect therein by the Owner. The Owner of a Home further agrees that in the event he/she damages any portion of the central irrigation system located upon his/her Lot, the Owner shall be responsible for repairing said damage. The Owner of a Home further agrees to pay for all utilities, such as telephone, cable television, water (including water associated with irrigation), sewer, sanitation, electric, etc., that may be separately billed or charged to his/her Home. The Owner of each Home shall be responsible for insect and pest control within the Home. Whenever the maintenance, repair and replacement of any items which an Owner is obligated to maintain, repair or replace at his/her own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the Owner shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance or otherwise, reduce the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

B. The Owner of each Home shall keep the sidewalk located on his/her Lot clean and free from any impediments to pedestrian traffic.

C. The Owner of each Home shall be responsible for the maintenance, repair and replacement of any mechanisms associated with the garages located within his/her Home but shall not be responsible for painting of the garage doors which shall be the responsibility of the Association.

D. The Owner of each Home shall wash all windows located within his/her Home.

E. An Owner shall not plant any shrubs, trees and/or landscaping on his/her Lot without the prior written approval of the Association. If an Owner receives such approval and plants any shrubs, trees and/or landscaping on his/her Lot, such Owner shall be responsible for maintaining such shrubs, trees and/or landscaping.

F. If a Home is damaged by fire or other casualty, except for the repair of the Common Structural Elements which shall be performed by the Association, its Owner shall

properly and promptly restore it to at least as good a condition as it was before the casualty occurred. Any such work shall be in accordance with the original plans and specifications of the Home unless otherwise authorized by the Board.

G. Each Owner shall keep the interior portions of his/her Home insured and shall name the Association as additional insured on the insurance policy. Evidence of such coverage shall be furnished to the Association promptly upon the Board's request. No Owner shall cancel such insurance without at least thirty (30) days prior written notice to the Association. The Association shall maintain casualty insurance on each Building in which Homes are located.

H. Each Owner shall be responsible for the maintenance, repair and replacement of the air-conditioning compressor and the concrete pad on which it is situated on such Owner's lot, at such Owner's sole cost and expense.

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

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

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

The owner or owners of any damaged Building and the Association shall be obligated to proceed with all due diligence hereunder and the responsible parties shall commence

reconstruction within three (3) months after the damage occurs and complete reconstruction within one (1) year after the damage occurs, unless prevented by causes beyond his/her or its reasonable control.

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

ARTICLE IX USE RESTRICTIONS

All of the Property shall be held, used, and enjoyed subject to the following limitations and restrictions, and any and all additional rules and regulations which may, from time to time, be adopted by the Association:

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

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

A. **Notice.** The Association shall notify the Owner in writing of the noncompliance and set forth the corrective action to be taken. A fine or suspension of use rights may not be imposed without notice of at least fourteen (14) days to the Owner sought to be fined or suspended and an opportunity for a hearing before a committee of at least three (3) members appointed by the Board who are not officers, directors, or employees of the Association, or the spouse, parent, child, brother or sister of an officer, director, or employee of the Association. If imposed. At the Association's option, any fine may be levied on a daily basis in the event of a continuing violation without the necessity of a new hearing and without any limitation on the amount of such fine.

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

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

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

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

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

Section 2. NUISANCES. No obnoxious or offensive activity shall be carried on or about the Lots or in or about any improvements, Homes, or on any portion of Highland Grove Estates nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any Owner. No use or practice shall be allowed in or around the Homes which is a source of annoyance to Owners or occupants of Homes or which interferes with the peaceful possession or proper use of the Homes or the surrounding areas. No loud noises or noxious odors shall be permitted in any improvements, Homes or Lots. Without limiting the generality of any of the foregoing provisions, no horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, unlicensed off-road motor vehicles or any items which may unreasonably interfere with television or radio reception of any Owner shall be located, used or placed on any Lot, or exposed to the view of other Owners without the prior written approval of the Board. Notwithstanding anything to the contrary herein, so long as any activity which is carried on a Lot is allowable within applicable zoning regulations, no such activity shall be deemed a nuisance hereunder.

Section 3. PARKING AND VEHICULAR RESTRICTIONS. Parking upon the Property shall be restricted to the garage located upon each Lot and designated parking areas within the Association Property, if any. No parking on the Drives is permitted. All vehicles must be parked in the garages in accordance with Section 18 hereof. Guest parking shall be on a first come-first served basis. No Owner shall keep any vehicle on any Lot which is deemed to be a nuisance by the Board. No Owner shall conduct repairs taking more than twenty-four (24) hours (except in an emergency or except within the garage of the Home with the garage door closed) or restorations of any motor vehicle, boat, trailer, or other vehicle upon any Lot. No trailer, boat or boat trailer may be parked or stored on the Property including in the garage of a Home. No bus or tractor-trailer or any other truck larger than a full-size pickup truck may be parked on the Property, except temporarily as in the case of a moving van or other such vehicle necessary to provide service to an Owner and with the exception of any vehicles necessary for any construction activity being performed by or on behalf of Declarant.

Section 4. NO IMPROPER USE. No improper, offensive, hazardous or unlawful use shall be made of any Home nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any person using any portion of the Property. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereover shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereover relating to any Home shall be corrected by, and at the sole expense of, the Owner of the Home.

Section 5. LEASES. No portion of a Home (other than an entire Home) may be rented. No entire Home may be rented for a term of less than six (6) consecutive months, no Home may be rented more than twice a year. All leases shall provide that the Association shall have the right to approve any prospective tenant(s) and terminate the lease upon default by the tenant in observing any of the provisions of this Declaration, the Articles, the Bylaws, applicable rules and regulations, or of any other agreement, document or instrument governing the Homes. The Owner of a leased Home shall be jointly and severally liable with his/her tenant for compliance with the Highland Grove Estates Documents and to the Association to pay any claim for injury or damage to property caused by the negligence of the tenant. Every lease shall be subordinated to any lien filed by the Association whether before or after such lease was entered into.

Section 6. ANIMALS AND PETS. An Owner may keep the following domestic pets, provided, however, that no pet may be kept, bred or maintained for any commercial use: two (2) dogs, two (2) cats, one (1) small bird (except that no birds shall be permitted on balconies ("Balcony(ies)"), and must be kept in the Home at all times) or fish or other equivalent domesticated pets, which at all times when not within the Home shall be on a leash or in an appropriate carrier. No other animals, livestock, reptiles or poultry of any kind shall be kept, raised, bred or maintained on any portion of the Property. Permitted pets shall only be kept subject to and in accordance with such rules and regulations as shall be promulgated from time to time by the Board. Under no circumstances shall any breed of dog commonly known as a "Pit Bull" or any aggressive dog (Rottweiler, Doberman, German Shepherd or Presa Canario [canary dog]) be permitted on any portion of the Property. A "Pit Bull" is defined as any dog that is an American Pit Bull Terrier, American Staffordshire Terrier, Staffordshire Bull Terrier, or any dog displaying a majority of the physical traits of any one (1) or more of the above breeds, or any dog exhibiting those distinguishing characteristics which substantially conform to the standards established by the American Kennel Club or United Kennel Club for any of the above breeds. Any pet must be carried or kept on a leash when outside of a Home. No pet shall be kept tied up outside of a Home or in any screened porch or patio, unless someone is present in the Home. An Owner shall immediately pick up and remove any solid animal waste deposited by his/her pet on the Property. An Owner is responsible for the cost of repair or replacement of any property damaged by his/her pet. Pets shall not be permitted upon the common areas except as set forth herein or pursuant to rules and regulations promulgated by the Board. Pets shall not be allowed on the Balconies of a Home unless the Owner is present. Every Owner as well as every occupant agrees to indemnify and hold harmless the Association and all other Owners, their lessees, guests, invitees and family members against any loss or liability of any kind or character whatsoever, arising from or growing out of having any animal in the community.

Section 7. ADDITIONS AND ALTERATIONS. No Home shall be enlarged by any addition thereto or to any part thereof, and no Owner shall make any improvement, addition, or alteration to the exterior of his or her Home, including, without limitation, the painting, staining, or varnishing of the exterior of the Home, including doors, garage doors, driveways and walkways, without the prior written approval of the Association, which approval may be withheld for purely aesthetic reasons, and all applicable governmental entities. Additionally, no Owner shall make any improvement, addition or alteration to the interior of his or her Home that would affect the fire protection, electric, plumbing or other like system without the prior written approval of the Association.

Section 8. INCREASE IN INSURANCE RATES. No Owner may engage in any action which may reasonably be expected to result in an increase in the rate of any insurance policy or policies covering or with respect to any portion of the Property not owned by such Owner.

Section 9. SLOPES AND TREES. No Owner may engage in any activity which will change the slope or drainage of a Lot. No additional trees or other landscaping are permitted to be planted on the Property without the prior written consent of Declarant for as long as Declarant owns a Home, and thereafter without the prior written consent of the Board.

Section 10. SIGNS. No sign (specifically including, but not limited to, for sale signs), display, poster, or other advertising device of any kind may be displayed in public view of any portion of any Building or other improvement in the Property without the prior written consent of the Board. Signs, regardless of size, used by Declarant, its successors or assigns, for advertising during the construction and sale period of Highland Grove Estates or other communities developed and/or marketed by Declarant or its affiliates and other signs authorized by Declarant shall be exempt from this Section. Such sign or signs as Declarant may be required to erect under the terms of an Institutional Mortgage shall be exempt from this Section.

Section 11. TRASH AND OTHER MATERIALS. No rubbish, trash, garbage, refuse, or other waste material shall be kept or permitted on the Lots and/or Association Property, or other portions of the Property, except in sanitary, self-locking containers located in the garage of each Home, and no odor shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, offensive, detrimental or a nuisance to Owners or to any other property in the vicinity thereof or to its occupants. No clothing or other household items shall be hung, dried, or aired in such a way as to be visible from the Association Property or another Lot. No stripped vehicles, lumber or other building materials, grass, tree clippings, metals, scrap, automobile pieces or parts, refuse, or trash shall be stored or allowed to accumulate on any portion of the Property (except when accumulated during construction by Declarant, during construction approved by the Association, or when accumulated by the Association for imminent pick-up and discard). Trash shall be placed in front of each Home or in designated areas no earlier than 5:00 p.m. the night before pick-up and trash receptacles shall be removed no later than midnight on the day of pick-up.

Section 12. TEMPORARY STRUCTURES. No tent, shack, shed or other temporary building

or improvement, other than separate construction and sales trailers to be used by Declarant, its agents and contractors, for the construction, service and sale of Highland Grove Estates or other communities, shall be placed upon any portion of the Property, either temporarily or permanently. No trailer, motor home or recreational vehicle shall be: (a) used as a residence, either temporarily or permanently, or (b) parked upon the Property.

Section 13. OIL AND MINING OPERATIONS. No oil drilling, oil development operations, oil retining, boring or mining operations of any kind shall be permitted upon or on any Lot nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 14. SEWAGE DISPOSAL. No individual sewage disposal system shall be permitted on any of the Property, provided that a central sewage disposal system is being operated in accordance with the requirements of the governmental regulatory body having jurisdiction over said central system.

Section 15. WATER SUPPLY. No individual water supply system shall be permitted on any of the Property, provided that a central water supply system is being operated in accordance with the requirements of the governmental body having jurisdiction over said central system, except that wells are permitted for the irrigation of landscaping only, provided that a stain tank is installed in conjunction with the irrigation well.

Section 16. LANDSCAPING. Any landscaping planted upon any Lot must be approved by the Association prior to installation. The Owner assumes complete responsibility to maintain the landscaping planted by the Owner.

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

In addition, the installation of any landscaping placed upon any Lot is subject to easements which run with the land. In the event the grantee of any such easement which runs with the land (i.e., FPL), its successors and/or assigns, requires the removal of any landscaping upon the Lot, then the Owner of said Lot shall, at the Owner's sole cost and expense, immediately remove the landscaping. The Owner of a Lot in installing any landscaping upon the

Lot shall comply with all valid laws, zoning ordinances and regulations of the city and County governmental bodies, as applicable, in addition to Association approval.

Section 17. ANTENNAE. No outside television, radio, or other electronic towers, aerials, antennae, satellite dishes or devices of any type for the reception or transmission of radio or television broadcasts or other means of communication shall hereafter be erected, constructed, placed or permitted to remain on the Property or upon any improvements thereon, unless expressly approved in writing by the Board, except that this prohibition shall not apply to those satellite dishes that are a meter in diameter or less, and specifically covered by 47 C.F.R. Part 1, Subpart S, Section 1.4000, as amended, promulgated under the Telecommunications Act of 1996, as amended from time to time. The Board is empowered to adopt rules governing the types of antennae which may be permitted, and restrictions relating to safety, location and maintenance of antennae. The Board may adopt and enforce reasonable rules limiting installation of permissible dishes or antennae to certain specified locations, not visible from the street, and integrated with the Property and surrounding landscape, to the extent that reception of an acceptable signal would not be unlawfully impaired by such rules and provided the cost of complying with such rules would not unreasonably increase the cost of installation of permissible dishes or antennae. Any permissible dishes or antennae shall be installed in compliance with all federal, state and local laws and regulations, including zoning, land use and building regulations. Further, any Owner desiring to install permissible dishes or antennae may, but is not obligated, to submit plans and specifications for same to the Association to ensure compliance with the Association's rules governing the types of permissible antennae and restrictions relating to safety, location and maintenance of antennae. This Section 17 shall not apply to the Declarant.

Section 18. GARAGES. No Owner shall enclose his/her garage or convert his/her garage into living space. When not in use, Owners shall keep their garage doors closed. Each Owner shall keep their garage free from clutter so that their cars can easily be parked in their garage. For instance, if a Home contains a two-car garage and the Owner owns or is in possession of two cars, both cars must be parked in the garage.

Section 19. CONVEYANCES, TRANSFER AND ENCUMBRANCES OF DWELLING UNITS.

(i) Any person who becomes an Owner by gift, devise or conveyance shall within ten (10) days after such transfer furnish the Association with his/her name and such other information as the Association may reasonably require.

(ii) If an Owner should die and the title to his or her Home shall pass to his or her surviving spouse or to any immediate member of his or her family, such successor in title shall fully succeed to the ownership, rights, duties and obligations of the Owner

(iii) Protection of Property. All liens against a Home other than for mortgages, taxes or special assessments, shall be satisfied or otherwise removed within thirty (30) days from the date the lien attaches. All taxes and special assessments upon a Home shall be paid before

they become delinquent.

(iv) Notice of Lien. An Owner shall give notice to the Association of every lien against his or her Home other than mortgages, taxes, and special assessments within five (5) days after the lien has attached.

(v) Notice of Suit. Every Owner shall give notice to the Association of every suit or other proceeding which may affect the title to his or her Home, such notice to be given within five (5) days after the Owner receives actual notice thereof.

(vi) Failure of Compliance. Failure to comply with this section concerning liens will not affect the validity of any judicial sale.

(vii) Rights of Institutional Mortgagees. The provisions of this Section 19 shall in no way be construed as affecting the rights of an Institutional Mortgagee owning a recorded institutional first mortgage on any Home and the rights hereinabove set forth shall remain subordinate to any such institutional first mortgage. Further, the provisions of this Section 19 shall not be applicable to purchasers at foreclosure or other judicial sales of Institutional Mortgagees, or to transfers to Institutional Mortgagees or to Declarant.

Section 20. CLOTHESLINES. No clothesline or other similar device shall be allowed in any portion of the Property, unless within a Home and concealed from view from all other portions of the Property and from the surrounding public areas. No towels shall be permitted to be hung from the Balconies.

Section 21. HURRICANE SEASON. Each Owner who plans to be absent from his or her Home during the hurricane season must prepare his or her Home prior to his or her departure by removing all furniture, potted plants and other movable objects, if any, from his or her Balcony, and designate a responsible firm or individual satisfactory to the Association to care for the Home should the Home suffer hurricane damage. The windows in the Homes contain impact resistant glass; therefore, no hurricane shutters may be installed.

Section 22. ENCLOSURES. No enclosures of any kind, including but not limited to, glass and screen enclosures, shall be constructed or placed on the Balconies.

Section 23. DECLARANT EXEMPTION. Declarant plans to undertake the work of constructing Homes and Improvements upon the Property and may undertake the work of constructing other buildings upon adjacent land or other property being developed or marketed by Declarant or its affiliates. The completion of that work and the sale, rental and other transfer of Homes is essential to the establishment and welfare of the Property as a residential community. In order that such work may be completed and a fully occupied community established as rapidly as possible, neither the Owners nor the Association shall do anything to interfere with Declarant's activities.

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

ARTICLE X DAMAGE OR DESTRUCTION TO ASSOCIATION PROPERTY AND/OR COMMON STRUCTURAL ELEMENTS

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

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

B. If insurance proceeds are insufficient to effect total restoration, and the cost of restoration exceeds such proceeds by Twenty-Five Thousand Dollars (\$25,000.00) or less (Such amount is based on the value of the dollar in 2004 and shall be increased each year thereafter based upon increases in the Consumer Price Index), then the Association shall cause the Association Property and/or Common Structural Elements to be repaired and reconstructed substantially as it previously existed and the difference between the insurance proceeds and the actual cost shall be levied as a Special Assessment proportionately against each of the Homes in accordance with the provisions of Articles VI and VII herein.

C. If the insurance proceeds are insufficient to effect total restoration and the cost of restoration of the Association Property and/or Common Structural Elements exceeds said proceeds by over Twenty-Five Thousand Dollars (\$25,000.00) (Such amount is based on the value of the dollar in 2004 and shall be increased each year thereafter based upon increases in the Consumer Price Index), then by the written consent or vote of a majority of the voting interests, they shall determine whether: (a) to rebuild and restore either: (i) in substantially the same manner as the Improvements existed prior to the damage or destruction; or (ii) in a manner less expensive, and in the event of (i) or (ii) to raise the necessary rebuilding and restoration funds by levying pro rata restoration and construction Special Assessments against all Homes; or (b) to not rebuild and to retain available insurance proceeds. In the event it is decided that the damaged or destroyed Association Property and/or Common Structural Elements shall not be rebuilt, the remains of any structure or structures shall be torn down and hauled away, so as not to be a safety hazard or visual nuisance, and the land shall be fully sodded and landscaped or otherwise treated in an attractive manner. Notwithstanding anything contained herein to the contrary, any

decision not to rebuild or to rebuild in a manner which would result in a change in the Improvements shall not be effective without the prior written approval of Declarant as long as Declarant owns any portion of the Property.

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

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

ARTICLE XI INSURANCE AND CONDEMNATION

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

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

Section 2. PUBLIC LIABILITY INSURANCE. A comprehensive policy of public liability insurance naming the Association and, until Declarant no longer owns any Home within the Property, Declarant as named insureds thereof insuring against any and all claims or demands made by any person or persons whomsoever for personal injuries or property damage received in connection with, or arising from, the operation, maintenance and use of the Association Property and any Improvements located thereon and use of the balance of the Property, and for any other risks insured against by such policies with limits of not less than One Million Dollars (\$1,000,000.00) for damages incurred or claimed by one or more persons for any one occurrence; not less than Two Million Dollars (\$2,000,000.00) in total per year; and for not less than Twenty-Five Thousand Dollars (\$25,000.00) property damage per occurrence with no

separate limits stated for the number of claims. The Association may also obtain worker's compensation insurance and other liability insurance including, but not limited to, insurance for lawsuits related to employment contracts in which the Association is a party, as it may deem desirable.

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

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

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

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

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

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

Section 9. WAIVER OF SUBROGATION. As to each policy of insurance maintained by the Association which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Owners, the Declarant and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused

by negligence of or breach of any agreement of said persons, but only to the extent that such insurance proceeds are received in compensation for such loss.

ARTICLE XII GENERAL PROVISIONS

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

Section 2. NOTICES. Any notice or other communication required or permitted to be given or delivered hereunder shall be deemed properly given and delivered upon the mailing thereof by United States mail, postage prepaid, to: (i) each Owner, at the address of the person whose name appears as the Owner on the records of the Association at the time of such mailing and, in the absence of any specific address, at the address of the Home owned by such Owner; (ii) the Association, certified mail, return receipt requested, at 18999 Biscayne Boulevard, Suite 105, Aventura, Florida 33180, or such other address as the Association shall hereinafter notify Declarant and the Owners of in writing; and (iii) Declarant, certified mail, return receipt requested, at 18999 Biscayne Boulevard, Suite 105, Aventura, Florida 33180, or such other address or addresses as Declarant shall hereafter notify the Association of in writing, any such notice to the Association of a change in Declarant's address being deemed notice to the Owners.

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

Section 4. INTERPRETATION. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance of the Association Property and the balance of the Property. Article, Section and Paragraph captions, headings and titles inserted throughout this Declaration are intended as a matter of convenience only and in no way shall such captions, headings or titles define, limit or in any way affect the subject matter or any of the terms and provisions thereunder or the terms and provisions of this Declaration.

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

thereof and vice versa.

Section 5. SEVERABILITY. In the event any of the provisions of this Declaration shall be deemed invalid by a court of competent jurisdiction, said judicial determination shall in no way affect any of the other provisions hereof, which shall remain in full force and effect, and any provisions of this Declaration deemed invalid by a court of competent jurisdiction by virtue of the term or scope thereof shall be deemed limited to the maximum term and scope permitted by law. In the event that any court should hereafter determine that any provision of this Declaration is in violation of the rule of property known as the "rule against perpetuities" or any other rule of law because of the duration of a time period, such provision shall not thereby become invalid, but instead the duration of such time period shall be reduced to the maximum period allowed under such rule of law, and in the event the determination of the duration of such time period requires measuring lives, such measuring life shall be that of the incorporator of the Association.

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

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

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

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

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

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

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

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

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

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

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

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

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

all Homes encumbered by first mortgages held by Institutional Mortgages, upon which event this Declaration shall be terminated upon the expiration of the fifty (50)-year term or the ten (10)-year extension during which such instrument was recorded.

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

Section 11. RIGHTS OF MORTGAGEES.

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

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

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

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

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

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

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

Section 12. APPROVAL OF ASSOCIATION LAWSUITS BY OWNERS. Notwithstanding anything contained herein to the contrary, the Association shall be required to obtain the approval of three-fourths (3/4) of the total voting interests (at a duly called meeting of the Owners at which a quorum is present) prior to engaging persons or entities for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

- (a) the collection of Assessments;
- (b) the collection of other charges which Owners are obligated to pay pursuant to the Highland Grove Estates Documents;
- (c) the enforcement of the use and occupancy restrictions contained in the Highland Grove Estates Documents;

(d) dealing with an emergency when waiting to obtain the approval of the Owners creates a substantial risk of irreparable injury to the Association Property, any Improvements on the Property or to Owner(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of three-fourths [3/4] of the Owners); or

- (e) filing a compulsory counterclaim.

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

Section 14. COVENANT RUNNING WITH THE LAND. All provisions of this Declaration shall, to the extent applicable and unless otherwise expressly provided herein to the contrary, be construed to be covenants running with the Homes and the Property and with every part thereof and interest therein, and all of the provisions hereof shall be binding upon and inure to the benefit of the Declarant and subsequent Owner(s) of the Homes and Property or any part thereof, or interest therein, and their respective heirs, successors, and assigns. However, the same are not intended to create nor shall they be construed as creating any rights in or for the benefit of the general public, unless specifically provided herein to the contrary. All present and future Owners, lessees, and occupants of the Homes, as applicable, shall be subject to and shall comply with the provisions of this Declaration and the Articles, Bylaws and applicable rules and regulations as they exist and may from time to time be amended. The acceptance of a deed of conveyance of a Home, or the entering into a lease of or occupancy of a Home, shall constitute an adoption and ratification by such Owner, lessee, or occupant of the provisions of this

Declaration, and the Articles, Bylaws, and applicable rules and regulations of the Association, as they may be amended from time to time. In the event that any easements granted herein shall fail or want of a grantee in being or for any other purpose, the same shall constitute and be covenants running with the land.

Section 15. NO PUBLIC RIGHT OR DEDICATION. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any portion of the Association Property to the public, or for any public use.

Section 16. NO REPRESENTATIONS OR WARRANTIES. NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, HAVE BEEN GIVEN OR MADE BY DECLARANT OR ITS AGENTS OR EMPLOYEES IN CONNECTION WITH ANY PORTION OF THE ASSOCIATION PROPERTY, ITS PHYSICAL CONDITION, ZONING, COMPLIANCE WITH APPLICABLE LAWS, FITNESS FOR INTENDED USE, OR IN CONNECTION WITH THE SUBDIVISION, SALE, OPERATION, MAINTENANCE, COST OF MAINTENANCE, TAXES OR REGULATION THEREOF, EXCEPT AS SPECIFICALLY AND EXPRESSLY SET FORTH IN THIS DECLARATION.

Section 17. ASSOCIATION AND DECLARANT AS ATTORNEY-IN-FACT. Each Owner, by reason of having acquired ownership of a Home, whether by purchase, gift, operation of law or otherwise, and each occupant of a Home, by reason of his or her occupancy, is hereby declared to have acknowledged and agreed to his or her automatic consent to any rezoning, replating, covenant in lieu of unity of title, change, addition or deletion made in, on or to Highland Grove Estates by Declarant (hereinafter, collectively, "Modifications") and, in respect hereto, each Owner of a Home and occupant of a Home hereby designates the Association to act as agent and attorney-in-fact on behalf of such Owner or occupant to consent to any such Modification. If requested by Declarant, each Owner shall evidence his/her consent to a Modification in writing (provided, however, that any refusal to give such written consent shall not obviate the automatic effect of this provision). Further, each Owner, by reason of acceptance to such Owner's Home, hereby agrees to execute, at the request of Declarant, any document and/or consent which may be required by any government agency to allow Declarant and/or its affiliates to complete the plan of development of Highland Grove Estates, as such plan may be hereafter amended, and each such Owner hereby further appoints Declarant as such Owner's agent and attorney-in-fact to execute, on behalf and in the name of each such Owner, any and all of such documents and/or consents. This power of attorney is irrevocable and is coupled with an interest. The provisions of this Section 17 may not be amended without Declarant's prior written consent.

Section 18. SECURITY. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be. Additionally, NEITHER DECLARANT NOR THE ASSOCIATION MAKES ANY REPRESENTATIONS WHATSOEVER AS TO THE SECURITY OF THE PREMISES OR THE EFFECTIVENESS OF ANY MONITORING SYSTEM OR SECURITY SERVICE. ALL OWNERS AGREE TO HOLD DECLARANT AND THE ASSOCIATION HARMLESS FROM ANY LOSS OR CLAIM ARISING FROM THE OCCURRENCE OF

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

[SIGNATURES APPEAR ON FOLLOWING PAGE]

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

DECLARANT:

HIGHLAND GROVES ESTATES, LLC, a Florida
limited liability company
By: [Signature]
Name: Alan S. Macken
Title: Manager

ASSOCIATION:

HIGHLAND GROVE ESTATES HOMEOWNERS
ASSOCIATION, INC, a Florida corporation not for
profit

By: [Signature]
Name: Alan S. Macken
President

Attest: [Signature]
Name: Andrew K. Verzura
Secretary

(SEAL)

WITNESSES AS TO DECLARANT:

[Signature]
Print Name: Roxana Rodriguez
[Signature]
Print Name: Kenyel Cruz

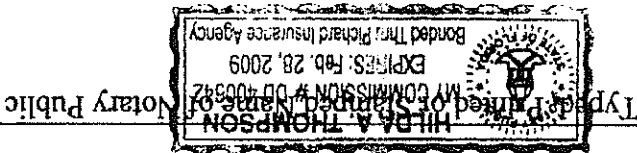
WITNESSES AS TO ASSOCIATION:

[Signature]
Print Name: Roxana Rodriguez
[Signature]
Print Name: Kenyel Cruz

STATE OF Florida
() SS
COUNTY OF Miami-Dade

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State
aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was
acknowledged before me by Alan S. Macken Manager of HIGHLAND GROVES ESTATES,
LLC a Florida limited liability company, freely and voluntarily under authority duly vested in
them by said corporation, and that the seal affixed thereto is the true corporate seal of said
corporation. He is personally known to me.
WITNESS my hand and official seal in the County and State last aforesaid this 21
day of February, 2006.

[Signature]
Notary Public, State of Florida at Large



My Commission Expires:
February 28, 2009

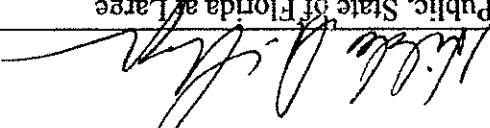
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Book 20384 / Page 0000

STATE OF Florida)
() SS)
COUNTY OF Miami-Dade)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State
aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was
acknowledged before me by ALAN S. MACKEN and ANDREW K. VERZURA, the President
and Secretary, respectively, of HIGHLAND GROVE ESTATES HOMEOWNERS
ASSOCIATION, INC., a Florida corporation not for profit, freely and voluntarily under
authority duly vested in them by said corporation, and that the seal affixed thereto is the true
corporate seal of said corporation. ALAN S. MACKEN is personally known and ANDREW K.
VERZURA is personally known to me.

WITNESS my hand and official seal in the County and State last aforesaid this 21st
day of February 2006.


Notary Public, State of Florida at Large

Typed, Printed, or Stamped Name of Notary Public
JUDNA THOMSON
MY COMMISSION # DD 400642
EXPIRES: Feb. 28, 2009
Bonded thru Pichard Insurance Agency

My Commission Expires: 2/28/2009

certified copy

EXHIBIT A

Legal Description of Property

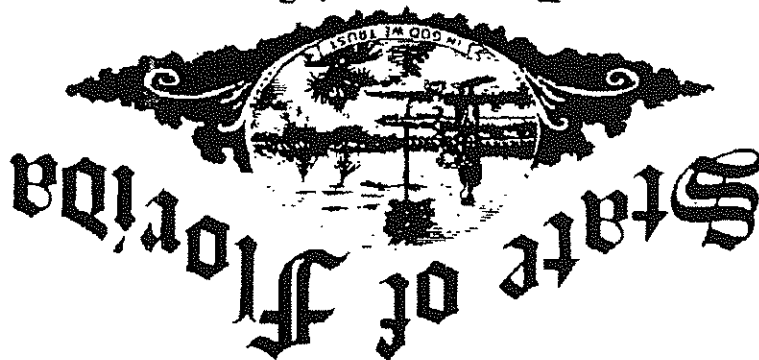
PARCEL I:

THE WEST HALF (W 1/2) OF THE EAST HALF (E 1/2) OF THE EAST HALF (E 1/2) OF THE SOUTH EAST QUARTER (SE 1/4) OF THE NORTH EAST QUARTER (NE 1/4) OF THE NORTH EAST QUARTER (NE 1/4) OF SECTION TWENTY-FIVE (25), TOWNSHIP SIX (46) SOUTH RANGE FORTY-TWO EAST, LYING NORTH OF OLD GERMANTOWN ROAD (FORMERLY KNOWN AS GERMANTOWN ROAD), PALM BEACH COUNTY, FLORIDA.

PARCEL II:

THE EAST HALF (E 1/2) OF THE EAST HALF (E 1/2) OF THE EAST HALF (E 1/2) OF THE SOUTH EAST QUARTER (SE 1/4) OF THE NORTH EAST QUARTER (NE 1/4) OF THE NORTH EAST QUARTER (NE 1/4) OF SECTION TWENTY-FIVE (25), TOWNSHIP FORTY-SIX (46) SOUTH RANGE FORTY-TWO EAST, LYING NORTH OF OLD GERMANTOWN ROAD (FORMERLY KNOWN AS GERMANTOWN ROAD), PALM BEACH COUNTY, FLORIDA.

Exhibit B



Department of State

I certify from the records of this office that HIGHLAND GROVE ESTATES HOMEOWNERS ASSOCIATION, INC. is a corporation organized under the laws of the State of Florida, filed on February 23, 2006.

The document number of this corporation is N06000002039.

I further certify that said corporation has paid all fees due this office through December 31, 2006, 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, 906A00013198-022406-N06000002039-1/1, noted below.

Authentication Code: 906A00013198-022406-N06000002039-1/1

Given under my hand and the Great Seal of the State of Florida, at Tallahassee, the Capital, this the Twenty-Fourth day of February, 2006

Sum H. Cobb
Sue M. Cobb
Secretary of State



2 2 7 5 6 7 0 0 0 9 0 4

6. "Bylaws" means the Bylaws of the Association and any amendments thereto.

4. "Association Property" means the property more particularly described in Article II of the Declaration.

2. "Assessments" means the assessments for which all Owners are obligated to the Association and includes "Individual Home Assessments" and "Special Assessments" (as such terms are defined in the Declaration) and any and all other assessments which are levied by the Association in accordance with the Highland Grove Estates Documents.

The following words and phrases when used in these Articles of Incorporation (unless the context clearly reflects another meaning) shall have the following meanings:

In order to form a corporation not for profit under and in accordance with the provisions of Chapters 617 and 720 of the Florida Statutes, the undersigned hereby incorporates this corporation not for profit for the purposes and with the powers hereinafter set forth and, to that end, the undersigned, by these Articles of Incorporation, certifies as follows:

**ARTICLES OF INCORPORATION
OF
HIGHLAND GROVE ESTATES HOMEOWNERS ASSOCIATION, INC.
(A Florida Corporation Not For Profit)**

prior declarant, except as may be expressly assumed by the subsequent declarant.

9. "Declaration" means the Declaration of Covenants, Restrictions and Easements for Highland Grove Estates, which is intended to be recorded amongst the Public Records of the County, and any amendments thereto.

10. "Director" means a member of the Board.

11. "Highland Grove Estates" means that planned residential development located in the County, which encompasses the Property (as defined in the Declaration) and is intended to comprise thirteen (13) Homes contained in three (3) buildings and the Association Property.

12. "Highland Grove Estates Documents" means in the aggregate the Declaration, the Articles and the Bylaws and all of the instruments and documents referred to therein, including, but not limited to, any Amendment(s).

13. "Home" means an attached residential dwelling unit constructed within Highland Grove Estates, which is designed and intended for use and occupancy as a single-family residence.

14. "Member" means a member of the Association.

15. "Operating Expenses" means the expenses for which Owners are liable to the Association as described in the Declaration and any other Highland Grove Estates Documents and include, but are not limited to, the costs and expenses incurred by the Association in administering, operating, maintaining, financing, or repairing, but not reconstructing, replacing or improving, the Association Property and improvements thereon and all costs and expenses incurred by the Association in carrying out its powers and duties hereunder or under any other Highland Grove Estates Documents.

16. "Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Home within Highland Grove Estates, and includes Declarant for as long as Declarant owns fee simple title to a Home, but excluding therefrom those having such interest as security for the performance of an obligation.

Unless otherwise defined herein, the terms defined in the Declaration are incorporated herein by reference and shall appear in initial capital letters each time such terms appears in these Articles.

ARTICLE II NAME

The name of this corporation shall be HIGHLAND GROVE ESTATES HOMEOWNERS ASSOCIATION, INC., a Florida corporation not for profit, whose principal address and mailing address is 18999 Biscayne Boulevard, Suite 105, Aventura, Florida 33180.

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Done 10-25-75

Book 20384/D-000004

H060000495433

ARTICLE III
PURPOSES

The purpose for which the Association is organized is to take title to, operate, administer, lease and maintain the Association Property in accordance with the terms of, and purposes set forth in the Highland Grove Estates Documents and to carry out the covenants and enforce the provisions of the Highland Grove Estates Documents.

ARTICLE IV
POWERS

The Association shall have the following powers and shall be governed by the following provisions:

- A. The Association shall have all of the common law and statutory powers of a corporation not for profit.
- B. The Association shall have all of the powers granted to the Association in the Highland Grove Estates Documents. All of the provisions of the Declaration and Bylaws which grant powers to the Association are incorporated into these Articles.
- C. The Association shall have all of the powers reasonably necessary to implement the purposes of the Association, including, but not limited to, the following:

1. To perform any act required or contemplated by it under the Highland Grove Estates Documents.
2. To make, establish, amend and enforce reasonable rules and regulations governing the use of the Association Property.
3. To make, levy and collect Assessments for the purpose of obtaining funds from its Members to pay Operating Expenses and other costs defined in the Declaration and costs of collection, and to use and expend the proceeds of Assessments in the exercise of the powers and duties of the Association.
4. To own, maintain, repair, replace, operate and convey the Association Property in accordance with the Highland Grove Estates Documents.
5. To enforce by legal means the obligations of the Members and the provisions of the Highland Grove Estates Documents.

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6. To employ personnel, retain independent contractors and professional personnel, and enter into service contracts to provide for the maintenance, operation, administration and management of the Association Property and to enter into any other agreements consistent with the purposes of the Association, including, but not limited to, a bulk cable television agreement and agreements with respect to professional management of the Association Property and to delegate to such professional manager certain powers and duties of the Association.

7. To enter into the Declaration and any amendments thereto and instruments referred to therein.

8. To provide, to the extent deemed necessary by the Board, any and all services and do any and all things which are incidental to or in furtherance of things listed above or to carry out the Association's mandate to keep and maintain Highland Grove Estates in a proper and aesthetically pleasing condition and to provide the Owners with services, amenities, controls and enforcement which will enhance the quality of life at Highland Grove Estates.

9. Notwithstanding anything contained herein to the contrary, the Association shall be required to obtain the approval of three-fourths (3/4) of all Members (at a duly called meeting of the Members at which a quorum is present) prior to the engagement of legal counsel by the Association for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

- (a) the collection of Assessments;
- (b) the collection of other charges which Owners are obligated to pay pursuant to Highland Grove Estates Documents;
- (c) the enforcement of any applicable use and occupancy restrictions contained in Highland Grove Estates Documents;

(d) dealing with an emergency when waiting to obtain the approval of the Members creates a substantial risk of irreparable injury to the Association Property or to Member(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of three-fourths (3/4) of the Members); or

(e) filing a compulsory counterclaim.

10. To borrow money and to obtain such financing as is necessary to maintain, repair and replace the Condominium Property in accordance with the Condominium Declaration and the Act and, as security for any such loan, to collateralize the Condominium Association's right to collect and enforce Assessments levied for the purpose of repaying any such loan.

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ARTICLE V
MEMBERS AND VOTING

The qualification of Members of the Association, the manner of their admission to membership, the manner of the termination of such membership and the manner of voting by Members shall be as follows:

A. Until such time as the first deed of conveyance of a Home from Declarant to an Owner is recorded amongst the Public Records of the County ("First Conveyance"), the membership of the Association shall be comprised solely of Declarant. Until the First Conveyance, Declarant shall be entitled to cast the one (1) and only vote on all matters requiring a vote of the membership. Upon the First Conveyance, Declarant shall be a Member as to each of the remaining Homes until each such Home is conveyed to another Owner, and thereupon and thereafter each and every Owner, including Declarant as to Homes owned by Declarant, shall be a Member and exercise all of the rights and privileges of a Member.

C. Membership in the Association for Owners other than Declarant shall be established by the acquisition of ownership of fee simple title to a Home as evidenced by the recording of an instrument of conveyance amongst the Public Records of the County. Where title to a Home is acquired by conveyance from a party other than Declarant by means of sale, gift, inheritance, devise, judicial decree or otherwise, the person, persons or entity thereby acquiring such Home shall not be a Member unless or until such Owner shall deliver a true copy of a deed or other instrument of acquisition of title to the Association.

D. The Association shall have two (2) classes of voting membership:
1. "Class A Members" shall be all Members, with the exception of Declarant while Declarant is a Class B Member, each of whom shall be entitled to one (1) vote for each Home owned.

2. "Class B Members" shall be Declarant, who shall be entitled to three times the total number of votes of the Class A Members plus one. Class B membership shall cease and be converted to Class A membership upon the earlier to occur of the following events ("Turnover Date"):

(i) Three (3) months after the conveyance of ninety percent (90%) of the Homes by Declarant, as evidenced by the recording of instruments of conveyance of such Homes amongst the Public Records of the County; or

(ii) At such time as Declarant shall designate in writing to the Association.

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On the Turnover Date, Class A Members, including Declarant, shall assume control of the Association and elect not less than a majority of the Board.

F. The designation of different classes of membership are for purposes of establishing the number of votes applicable to certain Homes, and nothing herein shall be deemed to require voting solely by an individual class on any matter which requires the vote of Members, unless otherwise specifically set forth in the Highland Grove Estates Documents.

F. No Member may assign, hypothecate or transfer in any manner his/her membership in the Association except as an appurtenance to his/her Home.

G. Any Member who conveys or loses title to a Home by sale, gift, devise, bequest, judicial decree or otherwise shall, immediately upon such conveyance or loss of title, no longer be a Member with respect to such Home and shall lose all rights and privileges of a Member resulting from ownership of such Home.

H. There shall be only one (1) vote for each Home, except for the Class B Members as set forth herein. If there is more than one Member with respect to a Home as a result of the fee interest in such Home being held by more than one person, such Members collectively shall be entitled to only one (1) vote. The vote of the Owners of a Home owned by more than one natural person or by a corporation or other legal entity shall be cast by the person named in a certificate signed by all of the Owners of the Home, or, if appropriate, by properly designated officers, partners or principals of the respective legal entity ("Voting Member"), and filed with the Secretary of the Association, and such certificate shall be valid until revoked by a subsequent certificate. If such a certificate is not filed with the Secretary of the Association, the vote of such Home shall not be considered for a quorum or for any other purpose.

Notwithstanding the foregoing provisions, whenever any Home is owned by a husband and wife they may, but shall not be required to, designate a Voting Member. In the event a certificate designating a Voting Member is not filed by the husband and wife, the following provisions shall govern their right to vote:

1. When both are present at a meeting, each shall be regarded as the agent and proxy of the other for purposes of casting the vote for each Home owned by them. In the event they are unable to concur in their decision upon any topic requiring a vote, they shall lose their right to vote on that topic at that meeting, but shall count for purposes of establishing a quorum.

2. When only one (1) spouse is present at a meeting, the person present may cast the Home vote without establishing the concurrence of the other spouse, absent any prior written notice to the contrary by the other spouse. In the event of prior written notice to the contrary to the Association by the other spouse, the vote of said Home shall not be considered, but shall count for purposes of establishing a quorum.

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3. When neither spouse is present, the person designated in a "Proxy" (as defined in the Bylaws) signed by either spouse may cast the Home vote, when voting by Proxy is allowed, absent any prior written notice to the contrary to the Association by the other spouse or the designation of a different Proxy by the other spouse. In the event of prior written notice to the contrary to the Association or the designation of a different Proxy by the other spouse, the vote of said Home shall not be considered, but shall count for purposes of establishing a quorum.

1. A quorum shall consist of persons entitled to cast at least forty percent (40%) of the total number of votes of the Members.

ARTICLE VI TERM

The term for which this Association is to exist shall be perpetual. In the event of dissolution of the Association (unless same is reinstated), other than incident to a merger or consolidation, all of the assets of the Association shall be conveyed to a similar homeowners association or a public agency having a similar purpose, or any Member may petition the appropriate circuit court of the State of Florida for the appointment of a receiver to manage the affairs of the dissolved Association and its properties in the place and stead of the dissolved Association and to make such provisions as may be necessary for the continued management of the affairs of the dissolved Association and its properties.

ARTICLE VII INCORPORATOR

The name and address of the Incorporator of these Articles are:

Alan S. Macken
18999 Biscayne Boulevard, Suite 105 Jol
Aventura, Florida 33180

ARTICLE VIII OFFICERS

The affairs of the Association shall be managed by the President of the Association, assisted by the Vice President(s), Secretary and Treasurer, and, if any, by the Assistant Secretary(ies) and Assistant Treasurer(s), subject to the directions of the Board. Except for officers elected prior to the Turnover Date, officers must be Members, or the parents, children or spouses of Members.

The Board shall elect the President, Secretary and Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall, from time to time, determine. The President shall be elected from amongst the membership of the Board, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided,

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however, the office of President and a Vice President shall not be held by the same person, nor shall the office of President and Secretary or Assistant Secretary be held by the same person.

ARTICLE IX FIRST OFFICERS

The names of the officers who are to serve until the first election of officers by the Board are as follows:

President	-	Alan S. Macken
Secretary/Treasurer	-	Andrew K. Verzura

ARTICLE X BOARD OF DIRECTORS

A. The number of Directors on the first Board of Directors of the Association ("First Board") and the "Initial elected Board" (as hereinafter defined) shall be three (3). The number of Directors elected by the Members subsequent to the "Declaration Event" (as hereinafter defined) shall be not less than three (3) nor more than five (5), as the Board shall from time to time determine prior to each meeting at which Directors are to be elected. Except for Declarant-appointed Directors, Directors must be Members or the parents, children or spouses or officers or directors of Members. There shall be only one (1) vote for each Director.

B. The names and addresses of the persons who are to serve as Directors on the First Board are as follows:

NAMES	ADDRESSES
Alan S. Macken	18999 Biscayne Blvd., Suite 105 201 Aventura, Florida 33180
Andrew K. Verzura	18999 Biscayne Blvd., Suite 105 201 Aventura, Florida 33180
John F. Castaneda	18999 Biscayne Blvd., Suite 105 201 Aventura, Florida 33180

Declarant reserves the right to replace and/or designate and elect successor Directors to serve on the First Board for so long as the First Board is to serve, as hereinafter provided.

C. Declarant intends that Highland Grove Estates will contain thirteen (13) Homes. Notwithstanding the foregoing, Declarant has reserved the right in the Declaration to modify its plan of development for Highland Grove Estates.

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D. Upon the Turnover Date, the Members (including Declarant shall be entitled to elect all the Directors. The election shall occur at a special meeting of the membership to be called by the Board for such purpose ("Initial Election Meeting"). The First Board shall serve until the Initial Election Meeting.

E. The Board shall continue to be so designated and elected, at each subsequent "Annual Members' Meeting" (as defined in the Bylaws).

F. A Director (other than a Declarant-appointed Director) may be removed from office upon the affirmative vote of a majority of the voting interests of Members for any reason deemed to be in the best interests of the Members. A meeting of the Purchaser Members to so remove a Director (other than a Declarant-appointed Director) shall be held upon the written request of ten percent (10%) of the Members.

G. The Initial Election Meeting shall be called by the Association, through the Board, within sixty (60) days after the Members other than Declarant are entitled to elect a majority of Directors as provided in Paragraph D hereof. A notice of meeting shall be forwarded to all Members in accordance with the Bylaws; provided, however, that the Members shall be given at least fourteen (14) days' notice of such meeting. The notice shall also specify the number of Directors which shall be elected by the Members.

H. At the Initial Election Meeting, a "staggered" term of office of the Board shall be created as follows:

1. a number equal to fifty percent (50%) of the total number of Directors rounded to the nearest whole number is the number of Directors whose term of office shall be established at two (2) years and the Directors serving for two (2) year term will be the Directors receiving the most votes at the meeting; and

2. the remaining Directors' terms of office shall be established at one (1) year.

At each Annual Members' Meeting thereafter, as many Directors of the Association shall be elected as there are Directors whose regular term of office expires at such time, and the term of office of the Directors so elected shall be for two (2) years, expiring when their successors are duly elected and qualified.

I. The resignation of a Director who has been designated by Declarant or the resignation of an officer of the Association who has been elected by the First Board shall be deemed to renounce, acquit, satisfy and forever discharge such officer or Director of and from any and all manner of action(s), cause(s) of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity, which the

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Association or the Members had, now have or will have or which any personal representative, successor, heir or assign of the Association or the Members hereafter can, shall or may have against said officer or Director for, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of such resignation, except for such Director's or officer's willful misconduct or gross negligence.

ARTICLE XI INDEMNIFICATION

Each and every Director and officer of the Association shall be indemnified by the Association against all costs, expenses and liabilities, including attorney and paralegal fees at all trial and appellate levels and postjudgment proceedings, reasonably incurred by or imposed upon him/her in connection with any negotiation, proceeding, arbitration, litigation or settlement in which he/she becomes involved by reason of his/her being or having been a Director or officer of the Association, and the foregoing provision for indemnification shall apply whether or not such person is a Director or officer at the time such cost, expense or liability is incurred. Notwithstanding the above, in the event of any such settlement, the indemnification provisions provided in this Article XI shall not be automatic and shall apply only when the Board approves such settlement and reimbursement for the costs and expenses of such settlement as being in the best interest of the Association, and in the event a Director or officer admits that he/she is or is adjudged guilty of willful misfeasance or malfeasance in the performance of his/her duties, the indemnification provisions of this Article XI shall not apply. The foregoing right of indemnification provided in this Article XI shall be in addition to and not exclusive of any and all rights of indemnification to which a Director or officer of the Association may be entitled under statute or common law.

ARTICLE XII BYLAWS

The Bylaws shall be adopted by the First Board, and thereafter may be altered, amended or rescinded in the manner provided for in the Bylaws. In the event of any conflict between the provisions of these Articles and the provisions of the Bylaws, the provisions of these Articles shall control.

ARTICLE XIII AMENDMENTS

A. Prior to the First Conveyance, these Articles may be amended only by an instrument in writing signed by the incorporator of these Articles and filed in the Office of the Secretary of State of the State of Florida.

B. After the First Conveyance, and prior to the Turnover Date, these Articles may be amended solely by a majority vote of the Board, without the prior written consent of the Members, at a duly called meeting of the Board.

F. Notwithstanding the foregoing provisions of this Article XIII, no amendment to these Articles shall be adopted which shall abridge, amend or alter the rights of Declarant hereunder, including, but not limited to, Declarant's right to designate and select members of the First Board or otherwise designate and select Directors as provided in Article X hereof, nor shall any amendment be adopted or become effective without the prior written consent of Declarant.

E. Notwithstanding any provisions of this Article XIII to the contrary, these Articles shall not be amended in any manner which shall prejudice the rights of: (i) Declarant, without the prior written consent thereto by Declarant, for so long as Declarant holds either a leasehold interest in or title to at least one (1) Home; and (ii) any "Institutional Mortgagee" (as such term is defined in the Declaration) without the prior written consent of such Institutional Mortgagee.

D. These Articles may not be amended without the written consent of a majority of the members of the Board.

2. Amendment may be adopted by a written statement (in lieu of a meeting) signed by all Members and all members of the Board setting forth their intention that an amendment to the Articles be adopted.

(c) At such meeting, a vote of the Members shall be taken on the proposed amendment(s). The proposed amendment(s) shall be adopted upon receiving the affirmative vote of a majority of the total voting interests present at such meeting.

(b) Written notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each Member within the time and in the manner provided in the Bylaws for the giving of notice of meetings.

1. (a) The Board shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of the Members, which may be at either the Annual Members' Meeting or a special meeting. Any number of proposed amendments may be submitted to the Members and voted upon by them at one meeting.

C. After the Turnover Date, these Articles may be amended in the following manner:

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ARTICLE XIV
REGISTERED OFFICE AND REGISTERED AGENT

The street address of the initial registered office of the Association is 18999 Biscayne Boulevard, Suite 105, Aventura, Florida 33180 and the initial registered agent of the Association at that address shall be Alan S. Macken.

IN WITNESS WHEREOF, the Incorporator has hereunto affixed his signature, this 25 day of January, 2006.

ALAN S. MACKEN

The undersigned hereby accepts the designation of Registered Agent as set forth in Article XIV of these Articles of Incorporation, and acknowledges that he is familiar with and accepts the obligations imposed upon registered agents under the Florida Not For Profit Corporation Act.

ALAN S. MACKEN

Dated: 1-25-2006

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EXHIBIT C

Bylaws
of

Highland Grove Estates Homeowners Association, Inc.

**BYLAWS
OF
HIGHLAND GROVE ESTATES HOMEOWNERS ASSOCIATION, INC.**

Section 1. Identification of Association

These are the Bylaws of Highland Grove Estates Homeowners Association, Inc. ("Association") as duly adopted by its Board of Directors ("Board"). The Association is a corporation not for profit, organized pursuant to Chapters 617 and 720, Florida Statutes.

The office of the Association shall be for the present at 18999 Biscayne Boulevard, Suite 105, Aventura, Florida 33180, and thereafter may be located at any place designated by the Board.

1.2. The fiscal year of the Association shall be the calendar year.

1.3. The seal of the Association shall bear the name of the Association, the word "Florida" and the words "Corporation Not For Profit."

Section 2. Explanation of Terminology

The terms defined in the Articles of Incorporation of the Association ("Articles") as well as in the Declaration of Covenants, Restrictions and Easements for Highland Grove Estates ("Declaration") are incorporated herein by reference and shall appear in initial capital letters each time such terms appear in these Bylaws.

Section 3. Membership; Members' Meetings; Voting and Proxies

3.1. The qualification of Members, the manner of their admission to membership in the Association, the manner of termination of such membership and the voting by Members shall be as set forth in the Articles.

3.2. The Members shall meet annually ("Annual Members' Meeting"). The Annual Members' Meeting shall be held at the office of the Association or at such other place in the County as the Board may determine and on such day and at such time as designated by the Board in the notice of such meeting commencing with the year following the year in which the Articles are filed with the Secretary of State. The purpose of the Annual Members' Meeting shall be to hear reports of the officers, elect members of the Board (when that shall be appropriate as determined by the provisions of the Articles) and transact any other business authorized to be transacted at such Annual Members' Meeting.

3.3. Special meetings (meetings other than the Annual Members' Meeting) of the Members shall be held at any place within the County whenever called by the President or Vice President or by a majority of the Board. A special meeting must be called by such President or Vice President upon receipt of a written request from Members having the right to vote at least one-third (1/3) of the total number of votes entitled to be cast by Members at any such special meeting.

3.4. Except as otherwise provided in the Articles, a written notice of each Members' meeting, whether an Annual Members' Meeting or a special meeting (collectively "Meeting"), shall be given to each Member entitled to vote thereat at his/her last known address as it appears on the books of the Association and shall be mailed to the said address not less than fourteen (14) days nor more than forty-five (45) days prior to the date of the Meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Any notice given hereunder shall state the time and place of the Meeting and the purposes for which the Meeting is called. The notices of all Annual Members' Meetings shall, in addition, specify the number of Directors of the Association to be designated by Declarant and the number of Directors to be elected by the Members, if applicable. Notwithstanding any provisions hereof to the contrary, notice of any Meeting may be waived before, during or after such Meeting by a Member or by the person entitled to vote for such Member by signing a document setting forth the waiver of such notice.

3.5. The Members may, at the discretion of the Board, act by written response in lieu of a Meeting provided written notice of the matter or matters to be agreed upon is given to the Members or duly waived in accordance with the provisions of these Bylaws. Unless some greater number is required under the Highland Grove Estates Documents and except as to the election of Directors, which shall be accomplished by plurality vote, the decision of a majority of the votes cast by Members as to the matter or matters to be agreed or voted upon shall be binding on the Members provided a quorum is either present at such Meeting or submits a response if action is taken by written response in lieu of a Meeting, as the case may be. The notice with respect to actions to be taken by written response in lieu of a Meeting shall set forth the time period during which the written responses must be received by the Association.

3.6. (a) A quorum of the Members shall consist of Members entitled to cast forty percent (40%) of the total number of votes of the Members. A quorum of any class of Members shall consist of Class Members of such class entitled to cast forty percent (40%) of the total number of votes of the class. Limited "Proxies" and general "Proxies" (as hereinafter defined in Paragraph 3.10) may be used to establish a quorum.

(b) When a quorum is present at any Meeting and a question which raises the jurisdiction of such Meeting is presented, the holders of a majority of the voting rights present in person or represented by written Proxy shall be required to decide the question. However, if the question is one upon which a vote other than the majority vote of a quorum is required by express provision of the Highland Grove Estates Documents or by law, then such express provision shall govern and control the required vote on the decision of such question.

3.7. At any Annual Members' Meeting when elections of Directors are to occur, written ballots are to be supplied to Members for such purposes. Members may not vote for Directors by Proxy, but may vote by absentee ballot. Furthermore, at any Annual Members' Meeting at which Directors are to be elected, the "Chairman" (as hereinafter defined in Paragraph 7.2) shall appoint an "Election Committee" consisting of three (3) Members to supervise the election, count and verify ballots, disqualify votes if such disqualification is justified under the circumstances and certify the results of the election to the Board. The Election Committee shall be able to determine questions within its jurisdiction by plurality vote of all three (3) members, but matters resulting in deadlocked votes of the Election Committee shall be referred to the entire Board for resolution.

If a quorum is not in attendance at a Meeting, the Members who are present, either in person or by Proxy, may adjourn the Meeting from time to time until a quorum is present with no further notice of such adjourned Meeting being required unless otherwise determined by the Board.

3.9. Minutes of all Meetings shall be kept in a businesslike manner and be available for inspection by the Members and Directors at all reasonable times. The Association shall retain minutes for at least seven (7) years subsequent to the date of the meeting the minutes reflect.

3.10. Voting rights of Members shall be as stated in the Articles with respect to the election of all Boards other than the First Board. Such votes may be cast in person or by absentee ballot. Proxies may be used to vote on other agenda items at meetings at which Directors are to be elected, and may also be used to establish a quorum. "Proxy" is defined to mean an instrument containing the appointment of a person who is substituted in the place and stead of the person or authorized representative of an entity entitled to vote. Proxies shall be in writing signed by the person or authorized representative of an entity giving the same and shall be valid only for the particular Meeting designated therein, and, if so stated in the Proxy, any adjournments thereof, provided, however, any proxy automatically expires ninety (90) days after the date of the meeting for which it was originally given. A Proxy must be filed with the Secretary of the Association before the appointed time of the Meeting in order to be valid. Any Proxy may be revoked prior to the time a vote is cast in accordance with such Proxy.

3.11. The voting on any matter at a Meeting shall be by secret ballot upon request of the holders of twenty percent (20%) of the votes represented at such Meeting and entitled to be cast on such matter, if such request is made prior to the vote in question.

Section 4. Board; Directors' Meetings

4.1. The business and administration of the Association shall be by its Board.

4.2. The election and, if applicable, designation of Directors shall be conducted in accordance with the Articles. Except for Declarant-appointed Directors, Directors must be Members or the parents, children or spouses of Members.

4.3. (a) Any person elected or designated as a Director shall have all the rights, privileges, duties and obligations of a Director of the Association.

(b) The term of a Director's service shall be as stated in the Articles and, if not so stated, shall extend until the next Annual Members' Meeting and thereafter until his/her successor is duly elected and qualified or until he/she resigns or is removed in the manner elsewhere provided.

4.4. The organizational meeting of a newly elected Board shall be held within ten (10) days of its election at such place and time as shall be fixed by the Directors at the meeting at which they were elected. Provided the organizational meeting is held directly following the Annual Members' Meeting, no further notice of the organizational meeting shall be necessary; if not, however, notice of the organizational meeting shall be given in accordance with Section 720.303(2) of the Florida Statutes.

4.5. Regular meetings of the Board may be held at such times and places in the County as shall be determined from time to time by a majority of the Directors. Special meetings of the Board may be called at the discretion of the President or the Vice President. Special meetings must be called by the Secretary at the written request of at least one-third (1/3) of the Directors. Any such special meeting may be held in the County at such time and place as determined by the Directors requesting such meeting or in such other place as all of the Directors shall agree upon.

4.6. Notice of the time and place of regular and special meetings of the Board, or adjournments thereof, shall be given to each Director personally or by mail, telephone or telegraph at least three (3) days prior to the day named for such meeting unless such notice is waived before, during or after such meeting. Any Director may waive notice of the meeting in writing before, during or after a meeting and such waiver shall be deemed equivalent to the receipt of notice by such Director.

4.7. Notice of all Board meetings shall be given to the members in accordance with Section 720.303(2) of the Florida Statutes.

4.8. A quorum of the Board shall consist of the Directors entitled to cast a majority of the votes of the entire Board. Matters approved by a majority of the Directors present at a meeting at which a quorum is present shall constitute the official acts of the Board, except as may be otherwise specifically provided by law, by the Articles or elsewhere herein. If at any meeting of the Board there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any meeting that takes place on account of a previously adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted. In the case of the adjournment of a meeting, no further notice of the adjourned meeting need be given unless otherwise determined by the Board.

4.9. The presiding officer at all Board meetings shall be the President. In the absence of the President, the Directors shall designate any one of their number to preside.

5.2. The Association may employ a manager to perform any of the duties, powers or functions of the Association. Notwithstanding the foregoing, the Association may not delegate to the manager the power to conclusively determine whether the Association should make expenditures for capital additions or improvements chargeable against the Association funds. The members of the Board shall not be personally liable for any omission or improper exercise by the manager of any duty, power or function delegated to the manager by the Association.

5.1. All of the powers and duties of the Association shall be exercised by the Board. Such powers and duties of the Board shall include, but not be limited to, all powers and duties set forth in the Highland Grove Estates Documents, as well as all of the powers and duties of a director of a corporation not for profit not inconsistent therewith.

Section 5. Powers and Duties of the Board

4.13. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, specifically setting forth the action to be taken, shall be signed by all the Directors entitled to vote with respect to the subject matter thereof and such consent shall have the same force and effect as a unanimous vote of the Directors, provided, however, whenever assessments are to be considered, they may be considered only at a meeting of the Directors properly noticed in accordance with Section 720.303(2) of the Florida Statutes.

4.12. Meetings of the Board shall be open to all Members on such terms as the Board may determine. The Board may also hold closed meetings to the extent permitted by applicable law, including, by way of example but not by way of limitation, when the discussion at a meeting is governed by attorney-client privilege. If a meeting is open, unless a Member serves as a Director or unless he/she has been specifically invited by the Directors to participate in the meeting, no Member shall be entitled to participate in the meeting, but shall only be entitled to act as an observer. In the event a Member not serving as a Director or not otherwise invited by the Directors to participate in a meeting attempts to become more than a mere observer at the meeting or conducts himself/herself in a manner detrimental to the carrying on of the meeting, then any Director may expel said Member from the meeting by any reasonable means which may be necessary to accomplish said Member's expulsion. Also, any Director shall have the right to exclude from any meeting of the Board any person who is not able to provide sufficient proof that he/she is a Member or a duly authorized representative, agent or proxy holder of a Member, unless said person has been specifically invited by any of the Directors to participate in such meeting.

4.11. Minutes of all meetings of the Board shall be kept in a businesslike manner and be available for inspection by Members and Directors at all reasonable times.

4.10. Directors' fees, if any, shall be determined by the Members.

Section 6. Late Fees

An Owner who fails to timely pay any Assessment shall be charged a late charge of Twenty-Five Dollars (\$25) by the Association for such late Assessment. Owners shall be responsible to pay all legal fees (including, but not limited to, attorney and paralegal fees and court costs) incurred in connection with the collection of late Assessments whether or not an action at law to collect said Assessments and foreclose the Association's lien has been commenced. The Board has authorized the following initial schedule of fees for such circumstances:

(a) One Hundred Fifty Dollars (\$150) for a Claim of Lien plus recording costs and sending of Notice of Intention to Foreclose;

(b) One Hundred Fifty Dollars (\$150) for a Satisfaction of Lien plus recording costs; and

(c) (Any further action would require an hourly computation of attorney and/or paralegal time spent pursuing collection of such unpaid Assessments.

Section 7. Officers of the Association

7.1. Executive officers of the Association shall be the President, who shall be a Director, one or more Vice Presidents, a Treasurer and a Secretary, all of whom shall be elected annually by the Board. Any officer may be removed without cause from office by vote of the Directors at any meeting of the Board. The Board may, from time to time, elect such other officers and assistant officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association. One person may hold any two offices simultaneously, except when the functions of such offices are incompatible, but no person shall hold the office of President and any of the following offices simultaneously: Vice President, Secretary or Assistant Secretary.

7.2. The President shall be the chief executive officer of the Association. He/She shall have all of the powers and duties which are usually vested in the office of the President of an association or a corporation not for profit, including, but not limited to, the power to appoint such committees from among the Members at such times as he/she may, in his/her discretion, determine appropriate to assist in the conduct of the affairs of the Association. If in attendance, the President ("Chairman") shall preside at all meetings of the Board and the Members; provided, however, that the President may appoint a substitute.

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

7.4. The Secretary shall keep the minutes of all meetings of the Board and the Members, which minutes shall be kept in a businesslike manner and be available for inspection by

Members and Directors at all reasonable times. The Secretary shall have custody of the seal of the Association and affix the same to instruments requiring such seal when duly authorized and directed to do so. The Secretary shall be custodian for the corporate records of the Association, except those of the Treasurer, and shall perform all of the duties incident to the office of Secretary of the Association as may be required by the Board or the President. The Assistant Secretary, if any, shall perform the duties of the Secretary when the Secretary is absent and shall assist the Secretary under the supervision of the Secretary.

7.5. The Treasurer shall have custody of all of the monies of the Association, including funds, securities and evidences of indebtedness. The Treasurer shall keep the assessment rolls and accounts of the Members and shall keep the books of the Association in accordance with good accounting practices and he/she shall perform all of the duties incident to the office of the Treasurer. The Assistant Treasurer, if any, shall perform the duties of the Treasurer when the Treasurer is absent and shall assist the Treasurer under the supervision of the Treasurer.

7.6. The compensation, if any, of the officers and other employees of the Association shall be fixed by the Board. This provision shall not preclude the Board from hiring a Director as an employee of the Association or preclude contracting with a Director or a party affiliated with a Director for the management or performance of contract services for all or any part of Highland Grove Estates.

Section 8. Resignations

Any Director or officer may resign his/her post at any time by written resignation, delivered to the President or Secretary, which shall take effect upon its receipt unless a later date is specified in the resignation, in which event the resignation shall be effective from such date unless withdrawn. The acceptance of a resignation shall not be required to make it effective. The conveyance of all Homes owned by any Director or officer (other than appointees of Declarant) shall constitute a written resignation of such Director or officer.

Section 9. Accounting Records; Fiscal Management

9.1. The Association shall use the cash basis method of accounting and shall maintain accounting records in accordance with good accounting practices, which shall be open to inspection by Members and Institutional Mortgagees or their respective authorized representatives at reasonable times. Such authorization as a representative of a Member must be in writing and signed by the person giving the authorization and dated within sixty (60) days of the date of the inspection. Such records shall include, but not be limited to: (i) a record of all receipts and expenditures; (ii) an account for each Home within Highland Grove Estates which shall designate the name and address of the Owner thereof, the amount of Individual Home Assessments and all other Assessments, if any, charged to the Home, the amounts and due dates for payment of same, the amounts paid upon the account and the dates paid, and the balance due; (iii) any tax returns, financial statements and financial reports of the Association; and (iv) any other records that identify, measure, record or communicate financial information.

9.2. The Board shall adopt a Budget (as defined and provided for in the Declaration) of the anticipated Operating Expenses for each forthcoming calendar year (the fiscal year of the Association being the calendar year) at a special meeting of the Board ("Budget Meeting") called for that purpose to be held during the month of November of the year preceding the year to which the Budget applies. Prior to the Budget Meeting, a proposed Budget for the Operating Expenses shall be prepared by or on behalf of the Board. Within thirty (30) days after adoption of the Budget, a copy thereof shall be furnished to each Member, upon request, and each Owner shall be given notice of the Individual Home Assessment applicable to his/her Home(s). The copy of the Budget, if requested, shall be deemed furnished and the notice of the Individual Home Assessment shall be deemed given upon its delivery or upon its being mailed to the Owner shown on the records of the Association at his/her last known address as shown on the records of the Association.

9.3. In administering the finances of the Association, the following procedures shall govern: (i) the fiscal year shall be the calendar year; (ii) any monies received by the Association in any calendar year may be used by the Association to pay expenses incurred in the same calendar year; (iii) there shall be apportioned between calendar years on a *pro rata* basis any expenses which are prepaid in any one calendar year for Operating Expenses which cover more than such calendar year; (iv) Assessments shall be made quarterly in amounts no less than are required to provide funds in advance for payment of all of the anticipated current Operating Expenses and for all unpaid Operating Expenses previously incurred; and (v) items of Operating Expenses incurred in a calendar year shall be charged against income for the same calendar year regardless of when the bill for such expenses is received. Notwithstanding the foregoing, the Assessments for Operating Expenses and any periodic installments thereof shall be of sufficient magnitude to insure an adequacy and availability of cash to meet all budgeted expenses in any calendar year as such expenses are incurred in accordance with the cash basis method of accounting.

9.4. Individual Home Assessments shall be payable as provided in the Declaration.

9.5. No Board shall be required to anticipate revenue from Assessments or expend funds to pay for Operating Expenses not budgeted or which shall exceed budgeted items, and no Board is required to engage in deficit spending. Should there exist any deficiency which results from there being greater Operating Expenses than monies from Assessments, then such deficits shall be carried into the next succeeding year's Budget as a deficiency or shall be the subject of a Special Assessment or an upward adjustment to the Individual Home Assessment.

9.6. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board in which the monies of the Association shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Board.

9.7. A report of the accounts of the Association shall be made annually by an accountant and a copy of the report shall be furnished to each Member who requests same in writing no later than the first day of April of the year following the year for which the report is made. The report shall be deemed to be furnished to the Member upon its delivery or mailing to the Member at

his/her last known address shown on the records of the Association.

Section 10. Rules and Regulations

The Board may at any meeting of the Board adopt rules and regulations or amend, modify or rescind then existing rules and regulations for the operation of Highland Grove Estates; provided, however, that such rules and regulations are not inconsistent with the terms or provisions of the Highland Grove Estates Documents. Copies of any rules and regulations promulgated, amended or rescinded shall be mailed or delivered to all Members at the last known address for such Members as shown on the records of the Association at the time of such delivery or mailing and shall not take effect until forty-eight (48) hours after such delivery or mailing, or, in the event both forms of notification are used, whichever is later. Notwithstanding the foregoing, when rules and regulations are to regulate the use of a specific portion of the Association Property, same shall be conspicuously posted at such facility and such rules and regulations shall be effective immediately upon such posting. Care shall be taken to insure that posted rules and regulations are conspicuously displayed and easily readable and that posted signs or announcements are designed with a view toward protection from weather and the elements. Posted rules and regulations which are torn down or lost shall be promptly replaced.

Section 11. Parliamentary Rules

The then latest edition of Robert's Rules of Order shall govern the conduct of all meetings of the Members and the Board; provided, however, if such rules of order are in conflict with any of the Highland Grove Estates Documents, Robert's Rules of Order shall yield to the provisions of such instrument.

Section 12. Roster of Owners

Each Owner shall file with the Association a copy of the deed or other document showing his/her ownership. The Association shall maintain such information. The Association may rely on the accuracy of such information for all purposes until notified in writing of changes therein.

Section 13. Amendment of the Bylaws

13.1. These Bylaws may be amended as hereinafter set forth in this Section 13.

13.2. After the Turnover Date, any Bylaw of the Association may be amended or repealed, and any new Bylaw of the Association may be adopted by either:

(i) a majority vote of the Members at any Annual Members' Meeting or any special meeting of the Members called for that purpose or by majority action of the Members who have acted by written response in lieu of a Meeting as permitted by these Bylaws; or

(ii) by the affirmative vote of a majority of the Directors then in office at any regular meeting of the Board or at any special meeting of the Board called for that purpose or by written instrument signed by all of the Directors as is permitted by these Bylaws, provided that the Directors shall not have any authority to adopt, amend or repeal any Bylaw if such new Bylaw or such amendment or the repeal of a Bylaw would be inconsistent with any Bylaw previously adopted by the Members.

13.3. Notwithstanding any of the foregoing provisions of this Section 13 to the contrary, until the Turnover Date, all amendments or modifications to these Bylaws and adoption or repeal of Bylaws shall only be made by action of the First Board as described in the Articles, which First Board shall have the power to amend, modify, adopt and repeal any Bylaws without the requirement of any consent, approval or vote of the Members.

13.4. Notwithstanding the foregoing provisions of this Section 13, there shall be no amendment to these Bylaws which shall abridge, amend or alter the rights of: (i) Declarant, without the prior written consent thereto by Declarant for so long as Declarant holds title to at least one (1) Home; or (ii) any Institutional Mortgagee without the prior written consent of such Institutional Mortgagee.

13.5. Any instrument amending, modifying, repealing or adding Bylaws shall identify the particular section of sections affected and give the exact language of such modification, amendment or addition or of the provisions repealed. A copy of each such amendment, modification, repeal or addition affected by the Secretary or Assistant Secretary of the Association shall be recorded amongst the Public Records of the County.

Section 14. Interpretation

In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; and in the event of any conflict between the Articles and the Declaration, the Declaration shall control.

HIGHLAND GROVE ESTATES HOMEOWNERS
ASSOCIATION, INC., a Florida not-for-profit
corporation

Tracts A, B, C and D, HIGHLAND GROVE ESTATES, according to the Plat thereof, as recorded in Plat Book 105, Pages 23 and 24 of the Public Records of Palm Beach County, Florida.

Association Property

EXHIBIT D

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FTL:1184001:4

Book 20384/Plat 1015

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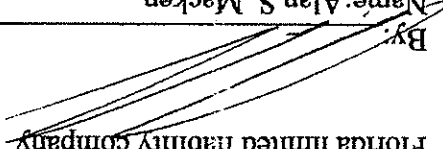
This is not a certified copy

EXHIBIT E
Site Plan

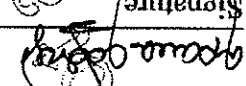
CERTIFICATE REGARDING RECEIPT FOR PAID REAL ESTATE TAXES

In compliance with Chapter 718.105(5), F.S., this is to certify that attached hereto as Exhibit "A" is a receipted bill indicating that all real estate taxes due and owing on the "Property" as described in the foregoing Declaration of Covenants, Restrictions and Easements for Highland Grove Estates ("Declaration") have been paid as of the date of recordation of the Declaration.

WITNESSES:

HIGHLAND GROVES ESTATES, LLC, a
Florida limited liability company
By: 
Name: Alan S. Macken
Its: Manager

(CORPORATE SEAL)


Signature
Roxana Rodriguez
Printed Name

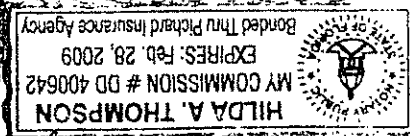
Signature
Kenyel Cruz
Printed Name

STATE OF FLORIDA
COUNTY OF Miami-Dade

The foregoing instrument was acknowledged before me this 21st day of February, 2006, by Alan S. Macken, the Manager of HIGHLAND GROVES ESTATES, LLC, a Florida limited liability company, on behalf of the corporation, who is personally known to me, who affixed thereto the seal of the corporation.

Notary Public

My Commission Expires:



COUNTY OF PALM BEACH : NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS					
PROPERTY CONTROL NUMBER	YEAR	CMC	ASSESSED VALUE	EXEMPTIONS	TAXABLE VALUE
12 42 46 25 00 000 1030	2005	98	298,000		298,000
LEGAL DESCRIPTION					
25-46-42, E 1/8 OF SE 1/4 OF NE 1/4 OF NE 1/4					
LYG N OF RD					
HIGHLAND GROVES ESTATES LLC					
18999 BISCAYNE BLV # 105					
MIAMI FL 33180-2814					
AD VALOREM TAXES					
COLLECTOR NO		3-115-531-60			
TAX COLLECTOR		JOHN K. CLARK, CFC, PALM BEACH COUNTY			

TAXING AUTHORITY					
COUNTY	COUNTY DEBT	561 355-3996	TELEPHONE	EXT.	
CITY OF DELRAY BEACH	CITY OF DELRAY BEACH DEBT	561 243-7128	TELEPHONE	EXT.	
CHILDRENS SERVICES COUNCIL	CHILDRENS SERVICES COUNCIL	561 655-1010	TELEPHONE	EXT.	
F.I.N.D.	F.I.N.D.	561 627-3386	TELEPHONE	EXT.	
PBC HEALTH CARE DISTRICT	PBC HEALTH CARE DISTRICT	561 659-1270	TELEPHONE	EXT.	
SCHOOL DEBT	SCHOOL DEBT	561 434-8837	TELEPHONE	EXT.	
SCHOOL LOCAL	SCHOOL LOCAL	561 434-8837	TELEPHONE	EXT.	
SCHOOL STATE	SCHOOL STATE	561 434-8837	TELEPHONE	EXT.	
SPFMD EVERGLADES CONST PROJECT	SPFMD EVERGLADES CONST PROJECT	561 686-8800	TELEPHONE	EXT.	
SO FLA WATER MGMT DIST	SO FLA WATER MGMT DIST	561 686-8800	TELEPHONE	EXT.	
SO FLA WATER MGMT - OKEE BASIN	SO FLA WATER MGMT - OKEE BASIN	561 686-8800	TELEPHONE	EXT.	
TOTAL AD VALOREM					
6,952.16					

NON-AD VALOREM ASSESSMENTS					
LEVYING AUTHORITY	TELEPHONE	EXT.	RATE	AMOUNT	
LAKE WORTH DRAINAGE DISTRICT MAINT	561 819-5479		33.05	33.05	
DELRAY BCH STORM WATER UTILITY	561 243-7298		38.07	38.07	
TOTAL NON-AD VALOREM					
71.12					

COUNTY OF PALM BEACH : NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS					
DETACH HERE ----					
PROPERTY CONTROL NUMBER	YEAR	MTG	COLLECTOR NO	DELINQUENT	AMOUNT
12 42 46 25 00 000 1030	2005		3-115-531-60	APRIL/MAY	7,239.98
				JUNE/JULY	8,114.67
PAY DECEMBER BY 02/28/2006 PAY JANUARY BY 03/31/2006 * DISCOUNT EXTENSION					
TOTAL AD VALOREM AND NON-AD VALOREM COMBINED					
7,023.28					

COUNTY OF PALM BEACH : NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS					
DETACH HERE ----					
PROPERTY CONTROL NUMBER	YEAR	MTG	COLLECTOR NO	DELINQUENT	AMOUNT
12 42 46 25 00 000 1030	2005		3-115-531-60	APRIL/MAY	7,239.98
				JUNE/JULY	8,114.67
PAY DECEMBER BY 02/28/2006 PAY JANUARY BY 03/31/2006 * DISCOUNT EXTENSION					
TOTAL AD VALOREM AND NON-AD VALOREM COMBINED					
7,023.28					

HIGHLAND GROVES ESTATES LLC
 18999 BISCAYNE BLV # 105
 MIAMI FL 33180-2814
 LEGAL DESCRIPTION
 25-46-42, E 1/8 OF SE 1/4 OF NE 1/4 OF NE 1/4 LYG
 P.O. BOX 3353
 WEST PALM BEACH, FL 33402-3353
 PAYMENTS AFTER MARCH 31st MUST BE
 BY CASH, MONEY ORDER, CERTIFIED
 CHECK, BANK DRAFT,
 US POSTAL ORDER, OR
 CASHIERS CHECK.
 MAKE CHECKS PAYABLE TO :
 TAX COLLECTOR, PALM BEACH COUNTY
 DUPLICATE RECEIPT
 PAID 520 - 5,174 02/17/2006
 6,812.58
 PAY DECEMBER BY 02/28/2006 PAY JANUARY BY 03/31/2006 * DISCOUNT EXTENSION
 IF PAID IN DUE AMOUNT
 NOVEMBER 6,742.35
 DECEMBER 6,812.58
 JANUARY 6,882.81
 FEBRUARY 6,953.05
 MARCH 7,023.28
 APRIL/MAY 7,239.98
 JUNE/JULY 8,114.67

MORTGAGEE'S CONSENT AND SUBORDINATION

FirstBank Puerto Rico (Miami Agency), an international banking agency organized under the laws of the State of Florida, is the owner and holder of that certain Mortgage and Security Agreement recorded on March 4, 2005 in Official Records Book 18219 at Page 0648, as amended; that certain Collateral Assignment of Leases and Rentals recorded on March 4, 2005 in Official Records Book 18219 at Page 0661; and that certain UCC-1 Financing Statement recorded March 4, 2005 in Official Records Book 18219 at Page 0664 all of the Public Records of Palm Beach County, Florida (collectively the "Mortgage"). The Mortgage encumbers the "Property," as defined in the foregoing Declaration of Covenants, Restrictions and Easements for Highland Grove Estates to be recorded in the Public Records of Palm Beach County, Florida ("Declaration"). FirstBank Puerto Rico (Miami Agency) does hereby consent to the recording of and subordinates its interest under the aforesaid Mortgage to the Declaration.

Signed, sealed and delivered
in the presence of :

Witness Signature
Printed Name
E. Gonzalez
Witness Signature
Printed Name
E. Gonzalez

By: [Signature]
Print: Elsio M. Alvarez
Title: Vice President

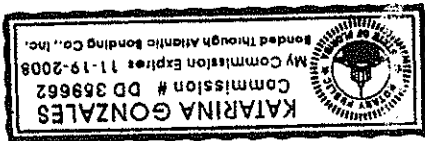
FirstBank Puerto Rico (Miami Agency), an international banking agency organized under the laws of the State of Florida

STATE OF Florida
()
COUNTY OF Miami Dade
() SS:

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged before me by Elsio Alvarez, the VP of FirstBank Puerto Rico (Miami Agency), an international banking agency organized under the laws of the State of Florida, freely and voluntarily under authority duly vested in him/her by said entity. He/She is personally known to me or who has produced as identification.

WITNESS my hand and official seal in the County and State last aforesaid this 20 day of January, 2006.
Notary Public State of Florida at Large

Typed, printed or stamped name of Notary Public



My Commission Expires:

FTL11844001:4