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Orange Co FL 1998-0329852  
081498 01:12:37 pm  
DR Bk 5549 Pg 2103  
Rec 379.50

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**DECLARATION OF COVENANTS, CONDITIONS,**

**RESTRICTIONS AND EASEMENTS**

**FOR THE**

**VILLAGES OF SOUTHPORT**

**BY:**

**VILLAGES OF SOUTHPORT, LTD.**  
**A Florida Limited Partnership**

**DATE:**

**AUGUST 14, 1998**

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Orlando, Florida 32802-4961

**DECLARATION OF COVENANTS, CONDITIONS,  
RESTRICTIONS AND EASEMENTS FOR THE  
VILLAGES OF SOUTHPORT**

This Declaration (the "Declaration") is made and executed this 14th day of August, 1998, by VILLAGES OF SOUTHPORT, LTD., a Florida limited partnership, whose address is 1551 Sandspur Road, Maitland, Florida 32751 (hereinafter referred to as the "Developer").

**WITNESSETH:**

WHEREAS, Developer is the record owner of fee simple title to certain real property situate in Orange County, Florida, which is legally and more particularly described as follows, to wit:

All lands comprising those certain subdivisions known as

Plat of VILLAGES OF SOUTHPORT, PHASE 1A, as recorded in Plat Book 40, Pages 44, 45 and 46, of the Public Records of Orange County, Florida; and

Plat of VILLAGES OF SOUTHPORT, PHASE 1B, as recorded in Plat Book 40, Pages 41, 42 and 43, of the Public Records of Orange County, Florida; and

(hereinafter referred to as the "Subject Property"); and

WHEREAS, the development known as the Villages of Southport consists of approximately 653 existing single family dwellings previously used as Navy housing, which was acquired by the City of Orlando for purposes of redevelopment as a residential subdivision; and

WHEREAS, the Developer has acquired the Subject Property, and the other lands included within the Villages of Southport, in order to redevelop and renovate the dwellings for single family ownership, as a three-phase development comprised of the following five villages:

Malibu, Portsmouth, Schooner, Island and Bermuda, which redevelopment will be performed and accomplished in accordance with the Planned Development Ordinance ("PD Ordinance") adopted by the City on February 23, 1998; and

WHEREAS, Developer intends that the Subject Property be subdivided, redeveloped, improved, occupied, used and enjoyed as a unique and attractive single family residential community; and

WHEREAS, the Developer desires to insure that the Subject Property is subdivided, redeveloped, improved, occupied, used and enjoyed pursuant to a uniform plan of development with established architectural and aesthetic standards so as to create a unique, pleasant, attractive and harmonious physical environment which will contribute to and enhance the quality of life for all residents of and visitors to the Villages of Southport; and

WHEREAS, the Developer desires that the lands within and comprising the Villages of Southport shall be subject to these uniform covenants, conditions, restrictions and easements; and

WHEREAS, to provide a means for meeting the objects and purposes set forth herein, and in the PD Ordinance, the Developer deems it advisable to create a non-profit corporation to which may be conveyed legal title to the Common Property, and delegated and assigned the powers and duties of maintaining such Common Property and administering and enforcing these covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises hereof, and the benefit of all persons who shall hereafter own a portion of the Subject Property, Developer does hereby declare that the Subject Property shall be and is hereby encumbered by and made subject to the covenants, conditions, restrictions and easements herein set forth, which shall run with the title to the Subject Property in perpetuity and be binding upon all parties having any right, title or interest in the lands described, or any part thereof, and their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

## ARTICLE I

### DEFINITIONS

For purposes of this Declaration, the following terms shall have the following definitions and meanings:

1.1. "Architectural Review Board"

Shall mean the committee of the Association created, established and authorized by and pursuant to this Declaration which is responsible for the review and approval of all plans,

specifications and other materials describing or depicting Improvements proposed to be constructed on the Subject Property, and which is also responsible for the administration of those provisions of Article XIII – Architectural and Landscape Control, of this Declaration.

1.2. “Assessment”

Shall mean any assessment of an Owner by the Association for Common Expenses and other matters pursuant to, in accordance with and for the purposes specified in Article XI – Assessments by Association, of this Declaration.

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1.3. “Association”

Shall mean Southport Homeowners Association, Inc., a corporation not-for-profit or its successors and assigns.

1.4. “Capital Fund”

Shall mean a fund to be established and held by the Association for the benefit of the Owners, to which each Owner shall pay the sum of Five Thousand Dollars (\$5,000.00) as a capital contribution, which sum shall be collected and paid to the Capital Fund at the time of the initial sale of each Lot from Developer to Owner.

1.5. “City”

Shall mean Orlando, Florida, a municipal entity of the State of Florida.

1.6. “Common Expenses”

Shall mean those costs and expenses of the Association more particularly identified and described in Section 11.2 – Common Expenses, of this Declaration.

1.7. “Common Property”

Shall mean all real and personal property from time to time owned by the Association for the common use, enjoyment and benefit of all Owners, including, without limitation, such portions of the Subject Property as are conveyed to the Association by the Developer pursuant to and as more particularly provided in Section 7.1 – Conveyance By Developer, of this Declaration, and additional property that may be conveyed to the Association by the Developer from time to time as provided in Section 7.2 – Additional Property, hereof.

1.8. “County”

Shall mean Orange County, a political subdivision of the State of Florida, specifically including each and all of its departments and agencies.

1.9. "Declaration"

Shall mean this Declaration of Covenants, Conditions, Restrictions and Easements for the Villages of Southport, and all amendments thereto and modifications thereof, and any Supplemental Declarations, as are from time to time recorded among the Public Records of Orange County, Florida.

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1.10. "Design Standards Manual"

Shall mean that document or those documents, if any, adopted, promulgated and published by the Architectural Review Board, as the same shall be amended from time to time, setting forth architectural and landscape design standards, specifications and other criteria to be used as the standard for determining compliance with this Declaration.

1.11. "Developer"

Shall mean VILLAGES OF SOUTHPORT, LTD., a Florida limited partnership, and its successors and assigns by merger, consolidation or by purchase of all or substantially all of either its assets or of the partnership interests of VILLAGES OF SOUTHPORT, LTD.

1.12. "Development Plan"

Shall mean the development plan for the Villages of Southport, which has been approved by the Board of City Commissioners of the City, as set forth in the PD Ordinance, including any comprehensive development plans, site plans or plats or other approvals issued by the City or other governmental agency with respect to the development of the Villages of Southport, as same may be amended from time to time.

1.13. "Governmental Regulations"

Shall mean all applicable laws, statutes, codes, ordinances, rules, regulations, limitations, restrictions, orders, judgments or other requirements of any governmental authority having jurisdiction over the Subject Property.

1.14. "Improvements"

Shall mean and include any buildings, structures, driveways, swimming pools, patios, decks, fences, walls, landscaping and any and all other appurtenances of any kind, nature or description constructed, erected, placed, installed or located on the Subject Property and any replacements thereof and all additions or alterations thereto.

1.15. "Institutional Lender"

Shall mean (a) any state or federal savings bank or association, any real estate company, any mortgage pension and/or profit investing institution, any commercial bank or savings and loan estate investment trust, any insurance banking company, any mortgage company, any sharing plan or any other lending institution generally and customarily recognized and engaged in the ordinary course of its business, in making, holding, insuring or guaranteeing first or second lien priority real estate mortgage loans and (b) the Developer, to the extent that Developer shall hold a mortgage upon any portion of the Subject Property, and all successors, assigns, assignees and transferees of Developer who shall own or hold any mortgage upon the Subject Property or any portion thereof which was originally executed and delivered to and owned and held by Developer.

1.16. "Lot"

Shall mean any numbered tract, parcel or lot shown on a recorded subdivision plat of the Subject Property, which is intended to be developed and improved as a single family residence (which shall include the Residence, if any, constructed thereon).

1.17. "Owner"

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Shall mean one or more persons or entities who or which are alone, or collectively, the record owner of fee simple title to any Lot including the Developer and its successors and assigns, but excluding those having an interest in any such property merely as security for the payment of a debt or the performance of an obligation.

1.18. "PD Ordinance"

Shall mean the Planned Development Ordinance adopted by the City of Orlando on February 23, 1998, establishing the Villages of Southport as a Planned Development District under applicable zoning ordinances of the City.

1.19. "Plat"

Shall mean any recorded subdivision plat of lands which have been subjected to the covenants, conditions, restrictions and easements of this Declaration.

1.20. "Residence"

Shall mean the building or structure constructed on a Lot which is intended to be occupied as a single family residence or household.

1.21. “Residential Property”

Shall mean all of the Subject Property other than Common Property, and those areas of the Subject Property which have been dedicated to the public, which are not located upon a Lot.

1.22. “Subject Property”

Shall mean all lands which have been subjected to the terms of this Declaration, including the initial lands as hereinabove described on Page 1 of this Declaration, and additional lands that may be subjected to this Declaration by Supplemental Declaration as provided in Section 4.2 – Addition of Property, hereof.

1.23. “Supplemental Declaration”

Shall mean any declaration of covenants and restrictions executed by the Developer, which extends and imposes the provisions of this Declaration to and upon additional property as provided in Section 4.2 – Addition of Property, hereof.

1.24. “Villages of Southport” or “Southport”

Shall mean the residential community planned for and developed on the Subject Property as reflected on the Development Plan and any Plat, including Lots and Residences, and Common Property as those terms and such properties are defined and described in this Declaration, and on the Development Plan, and any Plat. (Sometimes referred to herein, and in other Association documents, as the “Community”).

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## ARTICLE II

### OBJECTS AND PURPOSES

The covenants, conditions, restrictions, easements and reservations set forth in this Declaration are hereby imposed upon the Subject Property for the following objects and purposes:

2.1. To establish the Villages of Southport as a residential community in the City of Orlando, Orange County, Florida.

2.2. To create, develop, foster, maintain, preserve and protect within the Villages of Southport a unique, pleasant, attractive and harmonious physical environment which will contribute to and enhance the quality of life for all residents of and visitors to the Villages of Southport;



- 2.3. To ensure that the development of the Villages of Southport will proceed pursuant to a uniform plan of development with established architectural and aesthetic standards;
- 2.4. To ensure the proper and appropriate subdivision, development, improvement, occupation, use and enjoyment of the Villages of Southport;
- 2.5. To encourage the development, construction, maintenance and preservation of architecturally and aesthetically attractive and harmonious Improvements appropriately designed for and properly located within the Villages of Southport;
- 2.6. To guard against the development and construction of improper, undesirable, unattractive or inappropriate Improvements and the use of improper, undesirable, unsuitable or unsightly materials;
- 2.7. To provide for the future ownership, management, administration, improvement, care, maintenance, use, regulation, preservation and protection of all of the Subject Property, specifically including the Common Property, and to provide for and assure the availability of the funds required therefor;
- 2.8. To provide Developer with effective control over the development, management, administration, care, maintenance, use, appearance, marketing and sale of and the construction of Improvements upon the Subject Property for so long as Developer shall own substantial portions of the Subject Property;
- 2.9. To establish a method or procedure and the authority to negotiate, contract for or otherwise develop and provide common services to the Owners and residents within the Villages of Southport.

### ARTICLE III

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#### EFFECT OF DECLARATION

3.1. Covenants Running with Land.

This Declaration and each and every one of the covenants, conditions, easements, restrictions and reservations set forth herein are hereby declared to be, and shall hereafter continue as, covenants running with the title to those portions of the Subject Property upon which the same are hereby imposed as an encumbrance.

3.2. Property Affected.

This Declaration and the covenants, conditions, restrictions, easements and reservations set forth herein shall be binding upon, inure to the benefit of and constitute a burden upon all of the Subject Property in accordance with the terms set forth herein.

3.3. Parties Affected.

Except as hereinafter specifically provided, this Declaration shall be binding upon and inure to the benefit of all Owners of the property affected and encumbered by this Declaration, including the Developer, the Association, and all other persons having or claiming any right, title or interest in such Subject Property, and their heirs, successors and assigns.

ARTICLE IV

PROPERTY SUBJECT TO DECLARATION

4.1. Subject Property

The property which shall be subject to, and encumbered, governed, benefited and burdened by this Declaration shall be all of the Subject Property as the same is herein defined and described.

4.2. Addition of Property

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The Developer hereby reserves to itself and shall hereafter have the right, but not the obligation, at any time and from time to time, in its sole and absolute discretion, and without notice to or the consent of the Owners, to annex additional property and to impose this Declaration such upon additional property which is now or may hereafter be owned by the Developer, and included within the Development Plan, by the filing of a Supplemental Declaration to that effect among the Public Records of the County within three (3) years from the date of this Declaration provided that the U.S. Department of Housing and Urban Development ("HUD") and the Veteran's Administration ("VA") determine that the annexation is in accord with the general plan of development heretofore approved by them.

ARTICLE V

USE CLASSIFICATIONS

5.1. Classifications of Subject Property.

All real property within the boundaries of the Subject Property and shown on any Plat for the Villages of Southport shall be classified by category of use as Residential Property or Common Property, other than any portion of the Subject Property which has been dedicated to use by the public, such as the streets and roads.

5.2. Residential Property.

All of the Lots shown on any Plat for the Villages of Southport shall be deemed to be Residential Property as defined herein.

5.3. Common Property.

Common Property as defined herein shall include (but is not limited to) all tracts of land shown on any Plat for use as entranceways and entry features, landscape areas, parks, recreation buildings, directory signs, buffer walls and fences and drainage retention areas, other than such areas included within a platted Lot.

ARTICLE VI

PERMITTED USES

6.1. Generally

To the extent that a particular use shall otherwise be in compliance with Governmental Regulations and this Declaration, the following uses shall be permitted on the respective classifications of the Subject Property specified in Article V – Use Classifications, of this Declaration.

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6.2. Residential Property.

Except as hereinafter provided in Article VII – Common Property, of this Declaration, Residential Property shall be improved as and used, occupied and enjoyed solely and exclusively for residential purposes for Owners, their families, guests, lessees and invitees.

6.3. Common Property.

Common Property shall be improved, maintained, used and enjoyed for the common recreation, health, safety, welfare, benefit and convenience of all Owners and residents of the Villages of Southport and their guests and invitees.

ARTICLE VII

COMMON PROPERTY

7.1. Conveyance by Developer.

On or before the date of the first conveyance of any Lot by the Developer to any third party Owner, the Common Property hereinabove described in Section 5.3 – Common Property, shall be conveyed by the Developer to the Association free and clear of any and all liens, encumbrances, exceptions or qualifications whatsoever, save and except only for (a) real property taxes for the year of such conveyance, (b) title exceptions of record, if any, (c) the covenants, conditions, restrictions, easements and reservations set forth in this Declaration and any amendments hereto, and (d) any special covenants, conditions, restrictions, easements and

reservations which may be contained in the instrument of conveyance pursuant to which title to such Common Property is conveyed by the Developer to the Association.

7.2. Additional Property.

In addition to the Common Property described in Section 5.3 – Common Property, of this Declaration, the Developer, in its sole discretion, shall have the right to convey to the Association and the Association shall be obligated to accept any other portion of the Subject Property owned by the Developer so long as such property is used or useful for any of the objects and purposes for which the Association has been created and established. Should the Developer so convey any such additional property, the same shall thereupon become and thereafter continue to be Common Property which shall be subject to all of the covenants, conditions, restrictions, easements and reservations set forth in this Declaration with respect to all other Common Property.

7.3. Encumbrance as Security.

The Association shall have the right in accordance with this Declaration and its Articles of Incorporation and By-Laws to (a) borrow money for the purpose of improving, replacing, restoring or expanding the Common Property and (b) engage in purchase money financing with respect to personal property and equipment purchased by the Association in connection with the performance of its duties and obligations pursuant to this Declaration and to secure the payment of the purchase price therefor by the encumbrance of the personal property and equipment so purchased; it being expressly provided, however, that any such mortgage or other encumbrance shall be subject in all respects to the terms and provisions of this Declaration and any amendments hereto. Provided, the real property included within the Common Property cannot be mortgaged to secure such borrowing without the consent of at least two-thirds (2/3) of the Owners (excluding the Developer).

7.4. Use by Owners.

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Subject to any reasonable rules and regulations adopted and promulgated by the Association pursuant to and in accordance with the provisions of Section 7.7 – Rules and Regulations, of this Declaration, and subject always to any and all easements granted by or reserved to the Developer in this Declaration, each Owner shall have the non-exclusive right, privilege and easement to use and enjoy the Common Property for the purpose or purposes for which the same is conveyed, designated and intended by the Developer and maintained by the Association, and such non-exclusive right, privilege and easement shall be an appurtenance to and shall pass with the title to each Lot; subject, however, at all times to the terms, provisions, covenants, conditions, restrictions, easements and reservations set forth in this Declaration including, without limitation, the following to-wit:

7.4.1. The right of the Association to suspend the right, privilege and easement of any Owner and the members of his family, tenants, guests or other invitees to use the

Common Property or any portion thereof designated by the Association during any time in which any Assessment levied by the Association against such Owner and his Lot remains unpaid and delinquent for a period of thirty (30) days or more.

7.4.2. The right of the Association to suspend the right, privilege and easement of any Owner and the members of his family, tenants, guests or other invitees to use the Common Property or any portion thereof designated by the Association for a period not to exceed thirty (30) days for any single infraction of the Rules and Regulations of the Association with respect to the use of the Common Property.

7.4.3. The right of the Association to establish, promulgate and enforce reasonable Rules and Regulations pertaining and with respect to the use of the Common Property.

7.4.4. The right of the Association to take such steps as are reasonably necessary to maintain, preserve and protect the Common Property.

7.5. Waiver of Use.

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No Owner may exempt himself from personal liability for or exempt his Lot from any Assessments duly levied by the Association, or release the Lot owned by him from the liens, charges, encumbrances and other provisions of this Declaration, or the Rules and Regulations of the Association by (a) the voluntary waiver of the right, privilege and easement for the use and enjoyment of the Common Property, (b) the abandonment of his Lot, or (c) by conduct which results in the Association's suspension of such right, privilege and easement as provided in Section 7.4 – Use by Owners, of this Declaration.

7.6. Administration and Care.

The administration, regulation, care, maintenance, repair, restoration, replacement, preservation and protection of the Common Property shall be the responsibility of the Association.

7.7. Rules and Regulations.

In addition to the foregoing restrictions on the use of Common Property, the Association shall have the right, power and authority to promulgate and impose reasonable Rules and Regulations governing and/or restricting the use of Common Property and to thereafter change, modify, alter, amend, rescind and augment any of the same; provided, however, that no rules or regulations so promulgated shall be in conflict with the provisions of this Declaration. Any such Rules and Regulations so promulgated by the Association shall be applicable to and binding upon all Common Property and all Owners and their successors and assigns, as well as upon all members of their families, their tenants, guests, and other invitees and upon all other parties claiming by, through or under such owners.



7.8. Creation of Municipal Service Taxing Unit.

The Association may permit the creation of a municipal service taxing or benefit unit as contemplated by Section 5.01, Florida Statutes, and is authorized to work in conjunction with the Developer and the City with respect thereto.

7.9. Drainage Areas.

No structure of any kind shall be constructed or erected, nor shall the Owner in any way change, alter, impede, revise or otherwise interfere with the flow and volume of water in any portion of the drainage areas without the prior written consent of the Developer and the Association.

7.9.1. An Owner shall in no way deny or prevent ingress and egress by the Developer or the Association to the drainage areas or lakes or ponds for maintenance or landscape purposes. The right of ingress and egress and easements therefor are hereby specifically reserved and created in favor of the Developer, the Association, or any appropriate governmental or quasi-governmental agencies as may reasonably require such ingress and egress.

7.9.2. No parcel shall be increased in size by filling any drainage area on which it abuts. No Owner shall fill, alter, plot, or otherwise change or dredge the established drainage areas that have been or may be created by easements without the prior written consent of the Association.

7.9.3. Any wall, fence, planting or other improvement by an owner within a drainage easement, including, but not limited to, easements for maintenance or ingress and egress, shall be removed, if required by the Association, the cost of which shall be paid for by such Owner as a special assessment.

7.10. Conveyance by Association.

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The real property included with the Common Property cannot be mortgaged or conveyed by the Association without the consent of at least two-thirds (2/3) of the Owners (excluding the Developer).

## ARTICLE VIII

### PROPERTY RIGHTS – EASEMENTS

8.1. Easements Generally.

The Developer, on behalf of itself and for the benefit, where so stated, of the City, the Association, all Owners, and other specified parties, and also for the benefit of all real property



from time to time included within the Subject Property, hereby creates, declares and reserves the following non-exclusive easements upon those affected portions of the Subject Property hereinafter specified.

8.2. Ingress, Egress and Passage Easement.

There is hereby created, declared, granted and reserved for the benefit of the Developer, the Association and all Owners, and their respective employees, guests and invitees, and governmental bodies, and also for the benefit of all private persons and public agencies providing pickup and delivery, fire protection, law enforcement, utility and other governmental services, including the United States Postal Service, a non-exclusive easement for pedestrian and vehicular ingress, egress and passage over and upon the rights-of-way of and for all streets and roads as the same are shown on a Plat, which streets and roads are to be dedicated to the public when the Plats are recorded.

8.3. Utility Easements.

There is hereby created, declared and reserved for the benefit of the Developer, the City, the Association, all Owners and any public or private providers of utility services to the Subject Property and their respective successors and assigns, a non-exclusive easement for utility purposes over, under, within and upon the rights-of-way for all streets and roads and over, under, within and upon all other utility easements and easement areas shown on a Plat or otherwise reserved, declared or created pursuant to this Declaration for the purposes of construction, installing, inspecting, maintaining, repairing and replacing from time to time any and all utility lines, systems and facilities from time to time located therein or thereon to service the Subject Property. The utilities contemplated to be served by such utility easements shall include, without limitation, those providing electric power, sewer and water service, natural gas, telephone, cable television and a reclaimed water system for irrigation purposes.

8.4. Drainage Easements.

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There is hereby created, declared and reserved for the benefit of the Developer, the Association, and all Owners a non-exclusive easement for storm water collection, retention, detention and drainage over, upon and within the rights-of-way of all streets and roads and all other drainage easements and rights-of-way shown on a Plat or otherwise reserved, declared or created pursuant to this Declaration, together with an easement and license to enter upon such easements and easement areas for the purposes of constructing, installing, inspecting, maintaining, repairing and replacing any and all storm water drainage systems, improvements and facilities from time to time located therein or thereon. Additionally, the Developer, for the benefit of itself, the Association and all Owners hereby reserves easements over any and all other portions of the Subject Property as may be reasonably required from time to time in order to provide storm water drainage to all or any portions of the Subject Property; provided, however, that any such additional drainage easements shall not unreasonably interfere with the use and enjoyment by any Owners of the particular Lots or the Common Property affected thereby or any

Improvements from time to time placed, located, constructed, erected or installed thereon. The easements hereinabove created, declared and reserved, contemplate the construction of water drainage improvements and facilities shown on the plans for the Villages of Southport as approved by the City and such additional or supplemental facilities as may reasonably be required to provide adequate storm water drainage and surface water management to all portions of the Subject Property. The easements created hereby shall be construed to include but shall not be limited to a non-exclusive easement for the benefit of the Developer, the Association, the City or any governmental or quasi-governmental agency or body for the establishment and maintenance of any mandatory or voluntary water reuse system (including an effluent spray system) which may be installed for the benefit of all residents of the Villages of Southport.

8.5. Emergency Access and Drainage Easement.

There is hereby created, declared, granted and reserved for the benefit of the Association and the City, a non-exclusive easement over and upon the streets and roads and all drainage easements for the purpose of undertaking emergency maintenance and repairs to the surface water management system.

8.6. Wall and Landscape Easements.

There is hereby created, declared, granted and reserved for the benefit of the Developer and the Association an easement over and upon all Wall and Landscape Easement areas shown on a Plat together with the easement and license to enter upon such Wall and Landscape Easement areas for the purposes of erecting, constructing, installing, inspecting, maintaining, repairing and replacing any and all security or screening walls or fences, and the installation and irrigation of any landscaping therein, which may be required by the City and/or deemed necessary or desirable by the Developer or the Association.

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8.7. Landscape Easements.

There is hereby created, declared, granted and reserved for the benefit of the Developer and the Association an easement for landscaping purposes over and upon all Landscape Easement areas shown on a Plat, if any, or hereafter declared by the Developer, together with the easement and license to enter upon such Landscape Easement areas, for the purposes of installing, maintaining, inspecting, repairing and replacing any and all landscaping, including trees, grasses, shrubs, bushes, ground covers and other plant materials and irrigation systems of any kind, whether the same shall be required by the City and/or deemed necessary or desirable by the Developer or the Association.

8.8. Construction and Sales Easements.

There is hereby created, declared, granted and reserved for the benefit of the Developer, together with the right to grant, assign and transfer the same to the Developer's sales agents and sales representatives, an easement for construction activities upon Residential Property and an

easement for sales activities and signs on Residential Property and Common Property and for the maintenance on Residential Property and Common Property from time to time of a Sales and Administrative Center in which and from which the Developer and its authorized sales agents and sales representatives may engage in sales and administrative activities of a commercial nature within the Villages of Southport.

8.9. Common Property Easements.

There is hereby created, declared, granted and reserved for the benefit of the Developer, the Association and each Owner a non-exclusive easement upon and the right and privilege of using any or all of the Common Property for the passive recreation, health, safety and welfare of the residents of and visitors to the Villages of Southport. The easement and right to use and enjoy the Common Property, however, shall be subject to regulation by the Association, including the right of the Association to suspend such use and enjoyment as more particularly provided in this Declaration.

8.10. Association Easement; Maintenance Easement.

There is hereby created, declared and granted to the Association, such easements over and upon all or any portion of the Subject Property, as may be reasonably necessary to permit the Association to carry out and discharge its duties, obligations and responsibilities under and pursuant to this Declaration and the Articles of Incorporation, By-Laws and Rules and Regulations of the Association, including specifically, but not limited to, maintenance functions and responsibilities as provided in this Declaration.

8.11. Future Easements.

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There is hereby reserved to the Developer and its successors and assigns, together with the right to grant and transfer the same, the right, power and privilege to, at any time hereafter, grant to itself, the Association, the City or any other parties such other further and additional easements as may be reasonably necessary or desirable, in the sole opinion and within the sole discretion of the Developer, for the future orderly development of the Villages of Southport in accordance with the objects and purposes set forth in this Declaration. It is expressly provided, however, that no such further or additional easements shall be granted or created over and upon Residential Property pursuant to the provisions of this Section if any such easement shall unreasonably interfere with the presently contemplated or future use and development of a particular Lot as a single family residential home site.

8.12. Assignments.

The easements reserved or granted by the Developer may be assigned by the Developer in whole or in part to a successor Developer, the Association, the City or any county or state government or agency thereof, or duly licensed or franchised public or quasi-public utility, or any other designee of the Developer. All such easements or rights reserved to the Developer

herein shall pass automatically to, and shall be vested in the Association at such time as the Developer no longer owns any portion of the Villages of Southport. Further, the Association shall have the right to assign the easements described in this Article after the Developer no longer owns any portion of the Subject Property.

## ARTICLE IX

### ASSOCIATION: PURPOSES, DUTIES & POWERS

#### 9.1. Objects and Purposes and Function.

The Association has been created and established for the objects and purposes of, and shall have exclusive jurisdiction over and the sole responsibility for, the ownership, administration, management, operation, regulation, care, maintenance, repair, restoration, replacement, preservation and protection of the Common Property; establishment, levy, imposition, enforcement and collection of all Assessments for which provision is made in this Declaration; the payment of all Common Expenses, as defined in this Declaration; and the promotion and advancement of the health, safety and general welfare of the members of the Association; all as more particularly provided in this Declaration and in the Articles of Incorporation, By-Laws and Rules and Regulations of the Association.

#### 9.2. Duties and Powers, Generally.

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In addition to those duties and powers conferred by law and those specified and enumerated in its Articles of Incorporation and By-Laws, the Association shall also have such duties and powers as are, respectively, imposed and conferred upon it pursuant to this Declaration, including, without limitation, such duties and powers as may be reasonably implied from, necessary for and incidental to the accomplishment of the objects and purposes for which the Association has been created and established.

#### 9.3. Duties of Association.

The Association, acting by and through its Board of Directors, shall, in addition to those general and specific duties, responsibilities and obligations imposed upon it by law and those specified in its Articles of Incorporation and By-Laws, have the following specific duties, responsibilities and obligations, to wit:

9.3.1. Ownership and Management of Common Property. To own, hold, control, administer, manage, operate, regulate, care for, maintain, repair, replace, restore, preserve and protect all Common Property.

9.3.2. Payment of Common Expenses. To pay all Common Expenses associated with the ownership, administration, management, operation, regulation, care,



maintenance, repair, replacement, restoration, preservation and protection of the Common Property, and of the Lots and Residences as provided herein.

9.3.3. Levy and Collection of Assessments. To establish, make, levy, impose, enforce and collect all Assessments for which provision is made in this Declaration or which shall otherwise be necessary to provide and assure the availability of such funds as may be reasonably necessary to pay all Common Expenses or otherwise conduct the business and affairs of the Association.

9.3.4. Administration of Capital Fund. To manage, invest, preserve and disburse the Capital Fund, to seek the maximum possible return on such Capital Fund, consistent with the safety and preservation of the value and earnings power of the Capital Fund, and thereby assure the availability of the funds to defray a portion of the Assessments necessary to pay the Common Expenses, as provided more specifically in Section 9.4 hereinbelow.

9.3.5. Security Services. To provide internal protection and security services for and within the Villages of Southport as the Association deems appropriate.

9.3.6. Resident Services; Other Services. To provide such services to the Owners and residents as the Board of Directors of the Association may determine from time to time to be desirable and effective, as described more specifically in Section 9.5 hereinbelow and in the PD Ordinance, and to provide and perform any other services and tasks, the responsibility for which has been expressly or implied delegated to the Association pursuant to this Declaration.

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9.3.7. Insurance. To provide adequate insurance protection on and for the Common Property and, consistent with their respective duties, responsibilities and liabilities, provide adequate insurance protection on and for the Association itself and on and for its members, officers and directors, as well as for the members of the Architectural Review Board established pursuant to this Declaration.

9.3.8. Maintenance of Lots. To provide exterior maintenance on all Residences, and to provide lawn and landscape maintenance on all front and side yards within the Subject Property, as described more specifically in Section 9.6 hereinbelow.

9.3.9. Preserve and Enhance Beauty of the Villages of Southport. To preserve, protect, maintain and enhance the appearance and natural beauty of the Common Property and the Villages of Southport.

9.3.10. Promotion of Health, Safety & Welfare. To advance, promote, enhance and protect the health, safety and general welfare of the members of the Association, the residents of the Villages of Southport and the Villages of Southport community generally; provided, however, that the Association shall be and hereby is specifically prohibited from engaging in any political activity or any other activity whereby its status as a corporation not-for-

profit or its exemption from Federal or state income taxation, if any, could be forfeited or jeopardized.

9.3.11. Enforcement of Declaration. To assure compliance with and adherence to, and otherwise to enforce the provisions of, this Declaration.

9.3.12. Establish and Enforce Rules and Regulations. To make, establish, promulgate and publish, and to enforce such Rules and Regulations for the protection and governing the use of the Common Property as the Board of Directors of the Association deems to be in the best interest of the Association and its members.

9.3.13. Other Activities. To engage in any and all other activities permitted to be engaged in by a corporation not-for-profit under the laws of the State of Florida as may be necessary or appropriate for the achievement of the objects and purposes for which the Association has been created, formed and established.

#### 9.4. Administration of Capital Fund

9.4.1. Creation of Capital Fund. The Capital Fund has been created and established by the Developer, as an endowment fund for the Association, and for the benefit of the Owners, by a payment to the Capital Fund by each Owner of the sum of Five Thousand Dollars (\$5,000.00) as a capital contribution, which sum shall be transferred and paid to the Association at the time of the initial sale of each Lot from the Developer to an Owner.

9.4.2. Purpose of Capital Fund. The Capital Fund has been created as a perpetual endowment for the Association, to be invested and preserved indefinitely, with the investment earnings therefrom to defray a portion of the Common Expenses of the Association, to fund the necessary reserves for maintenance by the Association, and otherwise to fund additional capital improvements of the Association as the funds may be available.

#### 9.4.3. Management of Capital Fund.

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9.4.3.1. By Board of Directors. The ultimate responsibility for the investment of the Fund, and achieving the investment goals of the Association, including the capital preservation of the Fund, lies with the Board of Directors of the Association (the "Board").

9.4.3.2. Investment Committee. To assist the Board in the discharge of this responsibility, the Board shall appoint an Investment Committee (the "Committee") consisting of five (5) Members of the Association, which shall include two (2) members of the Board, as provided in the By-laws. The Vice-President shall be the Chairman of the Committee, and the other Board member of the Committee shall be the Vice-Chairman of the Committee. The Committee shall have the duty to communicate and consult with the Manager, to monitor the results from the Fund investments and compliance with the Investment Policy Statement and to



report to the Board at least on a quarterly basis. The Committee shall also make recommendations to the Board from time to time with respect but not limited to revisions to the Policy Statement which may be considered from time to time, and selection or removal of the Investment Manager. All such decisions to be made with respect to the Fund, and the investment of the Fund, including any amendments to the Investment Policy Statement set forth hereinbelow, must be approved by a seventy-five percent (75%) majority of the entire Board.

9.4.4. Professional Investment Manager. The Board shall select and retain a professional investment manager (the "Manager"), to whom the Board shall delegate the necessary power and authority to select the individual investment vehicles for the Capital Fund portfolio, in order to accomplish the Association's investment goals and objectives.

9.4.4.1. Investment Policy Statement. To assist the Manager in that regard, the Board shall prepare and adopt an Investment Policy Statement (the "Policy Statement"), which shall define the criteria for selecting the Manager, or any replacement Manager, and shall define and establish guidelines and objectives which are specific enough to provide the Manager with an understanding of the Association's investment objectives, and priorities. The Policy Statement shall set forth a specific asset allocation strategy for the investment of the Capital Fund, including an allocation range for equity investments, fixed-income investments, and cash or cash equivalents. The Policy Statement shall be attached to, and made a part of, the Investment Management Agreement to be entered with any investment manager, and is attached hereto and incorporated herein in its entirety.

9.4.5. Investment Objectives. The Capital Fund has been established for the long-term benefit of the Members of the Association. The investment goals and objectives shall be established in the following order of priority:

(a) To preserve the capital of the fund, and to protect the value and earnings power of the Capital Fund.

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(b) To generate income from the investments which may be used by the Association to pay a portion of the expenses incurred by the Association (including tax liabilities), and thereby maintain the level of Assessments which must be collected from the Members for such operating expenses.

(c) To generate long-term appreciation in the value of the Capital Fund, over and above the amount necessary to maintain the purchasing power of the Capital Fund, which may be used by the Association to pay a portion of the expenses incurred by the Association, to fund reserve requirements for the Association, and to pay for additional capital improvements to the Common Property owned by the Association.

9.4.6. Investment Policy Statement. The Investment Policy Statement which was adopted by the Board on July 17, 1998 is attached hereto as Exhibit "A" and incorporated herein by this reference thereto.

9.4.7. Restrictions Upon Use of Capital Fund.

9.4.7.1. No Distributions to Members. No part of the Capital Fund, nor any income of the Association, including investment income earned upon the investment of the Capital Fund, or any portion thereof, shall ever be paid or distributed to the Members, or any Member.

9.4.7.2. Limitations Upon Use of Capital Fund. As stated herein, the Capital Fund was created as a perpetual endowment for the Association, to be invested so as to generate investment income, including capital appreciation, which in turn will be used for the following purposes:

- (1) To defray a portion of the Common Expenses of the Association;
- (2) To fund the reserves necessary for the maintenance obligations of the Association;
- (3) To protect and maintain the value and earnings power of the Capital Fund;
- (4) Excess monies in the Capital Fund, over and above the amounts necessary to accomplish the primary objectives and purposes as described in (1), (2) and (3) hereinabove ("Excess Capital Funds"), may be utilized by the Association from time to time to fund additional capital improvements on the Common Property, to further reduce the level of Assessments, or to fund additional resident services, for the use and benefit of all of the Members.

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Accordingly, before the Board may use any portion of the Capital Fund for such capital improvements, a determination must be made and certified by a Certified Public Accountant to the Board, that the Capital Fund presently includes such Excess Capital Funds. For purposes of such determination, Excess Capital Funds shall mean those funds in the Capital Fund in excess of the sum of:

- (1) The original principal amount of the Capital Fund (in the amount of \$3,265,000.00, if there shall be 653 Residences, i.e. 653 units x \$5,000.00, or such greater or lesser amount, at \$5,000.00 per Residence, if the Development Plan shall be amended to change the number of Lots and Residences in the Villages of Southport), adjusted for inflation from the year the Fund was established (i.e. 1998) to the year the determination is to be made based upon the Consumer Price Indexes

published by the U.S. Department of Labor (the "Base Fund"); plus

- (2) The amount of Capital Fund income anticipated and included by the Board for the Budget year in which such determination is to be made, to be used in that year's budget to defray, a portion of the Common Expenses of the Association, together with the amounts necessary to be paid as income taxes owing upon the investment income; plus
- (3) An amount equal to the reserve payments necessary for a period of five (5) years, based upon the estimated reserve requirements for the maintenance obligations of the Association on the Common Property, and for the roofs and exterior painting of the Residences, as such reserve requirements may be established by the Board from time to time.

Such sum of the amounts described in the three (3) paragraphs immediately preceding is referred to herein as the "Operating Capital Fund Requirement."

9.4.7.3. Expenditures for Essential Obligation. Notwithstanding the limitations upon use of the Capital Fund as set forth in section 9.4.7.2., the Board may make expenditures from the Capital Fund to pay expenses incurred by the Association in performing its obligations pursuant to the terms of this Declaration, even though such expenditures shall include a portion of the amount described herein as the Operating Capital Fund Requirement, or even a portion of the Base Fund, should the Board determine it is necessary to do so, provided, that simultaneously with such Board action, the Board shall take action to revise and amend the Budget for the current year, and subsequent years, and thereby increase the Regular Assessment for that calendar year, and subsequent years, as may be necessary to replace or repay the sums so expended from the Capital Fund within a period of five (5) years from the date thereof, which sums to be repaid to the Capital Fund shall be in an amount required so that the Capital Fund shall meet and comply with the then current Operating Capital Fund Requirement, at the end of the five (5) year period.

9.5. Description of Resident Services.

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The Association shall offer or provide a variety of resident supportive services programs to the Owners, as the Board of Directors in its sole discretion shall determine to be desirable and effective from time to time. The Board shall have the right and responsibility to cancel programs which it shall determine are not responsive to or effective for the most pressing needs of the Owners, and to institute new programs from time to time which it shall determine may be more responsive to or effective for the needs of the Owners, considered in the light of financial requirements and budgetary constraints for the Association. The types of support services

programs which may be offered from time to time include, without limitation, academic enrichment, after-school support, lifestyle enrichment, health and social services, recreational and personal development, resident participation and community safety and security, parental support and positive reinforcement programs.

9.6. Maintenance by Association.

9.6.1. Common Property. The Association shall be solely responsible for all maintenance upon the Common Property, including any Improvements thereon.

9.6.2. Residential Property.

9.6.2.1. Exterior Maintenance on Residences. The Association shall maintain the roofs on the Residences, and shall be responsible for painting the exterior surfaces of the Residences when required.

9.6.2.2. Lawns, Landscaping. The Association shall be responsible to maintain the front and side yards on each Lot, which shall consist of mowing and trimming as necessary, provided that Owner shall not have done anything to restrict access to those areas, such as privacy fencing, additional planting or landscaping, etc. The Owner shall be responsible to mow and maintain the rear yard, and any front yard or side yard to which access has been restricted, by whatever means. In addition, the Association shall be responsible to maintain all landscaping installed within the front and side yards on each Lot, unless access to the landscaping has been restricted in some manner, in which event the Owner shall be responsible for the maintenance of such landscaping.

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9.6.3. Exterior Maintenance. In addition to the maintenance responsibilities of the Association as provided herein, the Association shall have the right to provide exterior repairs or maintenance which are the responsibility of Owner, upon any Lot or upon any Residence or future Improvements located on a Lot, should the Owner fail to do so. Prior to performing any maintenance work on a Lot or Residence, the Board of Directors must furnish thirty (30) days prior written notice to the Owner at the last address listed in the Association's records for said Owner, notifying the Owner that, unless certain specified repairs or maintenance are made within said thirty-day period, the Board of Directors shall cause said necessary repairs or maintenance to be made and charge same to the Owner. Upon the failure of the Owner to act within said period of time, the Board of Directors shall have the right to enter in or upon any such Lot or Residence, or to hire personnel to do so, to make such necessary repairs or maintenance as are so specified in the above written notice. In this connection, the Board of Directors shall have the right to paint, repair, replace and care for gutters, downspouts, fences, trees, shrubs, grass, walks and other exterior improvements, provided however, that request of an Owner to provide the foregoing shall not obligate the Association to do so.

9.6.3.1. Assessment of Cost. The cost of such exterior repairs or maintenance shall be assessed against the Lot upon which such maintenance is performed as an



Individual Lot Assessment, as provided in Section 11.10 – Individual Lot Assessments herein, and shall be a lien and obligation of the Owner and shall become due and payable in all respects as provided in Article XI – Assessments by Association hereof.

## ARTICLE X

### ASSOCIATION: MEMBERSHIP AND VOTING RIGHTS

#### 10.1. Membership.

Every Owner shall automatically and mandatorily be a member of the Association upon becoming an Owner (the Owners are sometimes referred to herein as “Members” in connection with the Association). Additionally, the Developer shall automatically and mandatorily be a member of the Association. Membership may not be refused, waived or surrendered, but a member’s voting rights and use and enjoyment of the Common Property may be regulated or suspended as provided in this Declaration and the Articles of Incorporation, By-Laws and Rules and Regulations of the Association.

#### 10.2. Record of Membership.

Each new Member of the Association shall deliver to the Association a true and correct copy of the recorded deed or other instrument conveying title to the Lot within the Villages of Southport, the fee simple ownership of which is a prerequisite for membership in the Association.

#### 10.3. Transfer of Membership.

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Membership in the Association shall be appurtenant to and may not be separated from the ownership interest of an Owner of a Lot within the Subject Property. The membership of an Owner in the Association shall not be transferred, pledged or alienated in any way, except that such membership shall automatically be transferred and assigned to a transferee upon the transfer of the ownership interest required for membership in the Association. The Association shall have the right to record any such automatic transfer upon the books and records of the Association without any further action or consent by the transferring Owner or any transferee Owner. Any attempt to make a prohibited transfer of membership, however, shall be void and of no force and effect and will not be reflected upon the books and records of the Association.

#### 10.4. Members’ Rights.

The rights of every Member of the Association shall be subject to and governed by the terms and provisions not only of this Declaration, but, in addition, shall at all times be subject to the terms and provisions of the Articles of Incorporation, By-Laws and Rules and Regulations of the Association.

10.5. Voting Rights.

An Owner's right to vote shall vest immediately upon such Owner's qualification for membership as provided in this Declaration and the Articles of Incorporation and By-Laws of the Association. All voting rights of a Member shall be exercised in accordance with and subject to the restrictions and limitations provided in this Declaration and in the Articles of Incorporation, By-Laws and Rules of the Association. In the event more than one individual or entity owns a Lot, the majority of ownership of such Lot shall designate the person to cast the vote for such Lot. No more than one vote shall be cast for each Lot.

10.6. Number of Votes.

The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Developer, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B member shall be the Developer and any successor of the Developer, and shall be entitled to three (3) votes for each Lot owned by the Class B Member, or an aggregate of 1,959 votes based upon 653 permitted Lots pursuant to the Development Plan (which shall be adjusted upon any amendment to the Development Plan which shall change the number of Lots). The Class B Membership shall terminate and become converted to Class A Membership at such time as the Members other than the Developer are entitled to elect a majority of the members of the Board of Directors, as provided in Fla. Stat. Section 617.307 (1997), and herein.

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10.7. Transition of Control of Association.

10.7.1. Members other than the Developer are entitled to elect at least a majority of the members of the Board of Directors of the Association when the earlier of the following events occurs:

10.7.1.1. Three months after seventy-five percent (75%) of the Lots in all phases of the Community that will ultimately be operated by the Association have been conveyed to Members; or

10.7.1.2. On August 10, 2003; or

10.7.1.3. At such time as the Developer shall determine to convert the Class B membership to Class A by written notice to the Association.



10.7.1.4. For purposes of this section, the term "members other than the developer" shall not include builders, contractors, or others who purchase a parcel for the purpose of constructing improvements thereon for resale.

10.7.2. The Developer is entitled to elect at least one member of the Board of Directors of the Association as long as the Developer holds for sale in the ordinary course of business at least 5 percent of the Lots in all villages of the Community. After the Developer relinquishes control of the Association, the Developer may exercise the right to vote any Developer-owned voting interests in the same manner as any other Member, except for purposes of reacquiring control of the Association or selecting the majority of the members of the Board of Directors.

Upon the happening of any one of these events, the Developer shall call a meeting as provided in the By-Laws for a special meeting to advise the Association membership of the termination of Class B membership status, and the election of Directors, but in no event later than three (3) months after the happening of such event.

10.8. Approval by Members.

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Unless elsewhere otherwise specifically provided in this Declaration or the Articles of Incorporation or By-Laws of the Association, any provision of this Declaration or the Articles of Incorporation and By-Laws of the Association which requires the vote or approval of a majority or other specified fraction or percentage of the total voting power of the Association shall be deemed satisfied by either, both or a combination of the following:

10.8.1. The vote in person or by proxy of the majority or other specified fraction or percentage of the membership at a meeting duly called and noticed pursuant to the provisions of the By-Laws of the Association dealing with annual or special meetings of the Members of the Association.

10.8.2. Written consents signed by the majority or other specified fraction or percentage of Members.

## ARTICLE XI

### ASSESSMENTS BY ASSOCIATION

11.1. Assessments for Common Expenses.

In order to provide for and assure the availability of the funds necessary to pay Common Expenses associated with the ownership, administration, management, regulation, care, maintenance, repair, restoration, replacement, preservation and protection of the Common Property and such additional Common Expenses as may be associated with and otherwise

necessary for the Association to perform its duties and obligations pursuant to and in accordance with this Declaration and its Articles of Incorporation and By-Laws, and to otherwise carry out and accomplish the objects and purposes for which the Association has been created and established, each Owner shall, by the acceptance of a deed or other conveyance of title to a Lot, whether or not it shall be expressly stated in any such deed or other conveyance, be obligated for and be deemed to have covenanted and agreed to pay to the Association all Assessments, whether Regular Assessments, Capital Expenditure Assessments, Special Assessments or Individual Lot Assessments, established, levied, made and imposed on the Lots by the Association pursuant to this Declaration. All such Assessments shall be established, levied, made, imposed, enforced and collected pursuant to the provisions of this Declaration and the Articles of Incorporation, By-Laws and Rules and Regulations of the Association. All Regular Assessments shall be the same amount for each lot.

#### 11.2. Common Expenses.

The Common Expenses for which Assessments shall be established, made, levied, imposed, enforced and collected by the Association pursuant to this Declaration shall be all costs and expenses incurred by the Association in the discharge and performance of the duties and obligations of the Association pursuant to this Declaration and the Articles of Incorporation and By-Laws of the Association and in furtherance of the objects and purposes for which the Association has been formed, created and established, including reasonable reserves therefor.

#### 11.3. Use of Assessments.

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The funds received and derived from any and all Assessments made by the Association shall be used exclusively for the performance of the duties and obligations of the Association pursuant to this Declaration, the payment of Common Expenses, including reasonable reserves for the maintenance obligations of the Association, the improvement of the Common Property, the operation and administration of the Association and the promotion of the health, safety, and general welfare of the residents of the Villages of Southport and for the benefit of the Villages of Southport generally.

#### 11.4. Lien for Assessments.

All Assessments established, made, levied, and imposed by the Association pursuant to this Declaration, together with interest, late charges, costs and expenses, including attorneys' fees associated with the collection thereof (whether suit be brought or not), shall be a charge and a continuing lien upon the Lot against or with respect to which any such Assessment is made or levied.

#### 11.5. Personal Liability for Assessments.

In addition to the foregoing lien for such Assessments, each such Assessment, together with interest, late charges, costs and expenses, including attorneys' fees associated with the

collection thereof (whether suit be brought or not, as aforesaid), shall also be the personal obligation and liability of the Owner of the Lot against or with respect to which any such Assessment is made, levied or imposed at the time such Assessment is so made, levied or imposed.

11.6. Types of Assessments.

The Association is hereby authorized and empowered to establish, make, levy, impose, enforce and collect those Regular Assessments, Capital Expenditure Assessments, Special Assessments and Individual Lot Assessments for which provision is made in this Declaration.

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11.7. Regular Assessments.

The Association shall be and is hereby authorized, empowered and directed to establish, levy, make, impose, enforce and collect during each calendar year a Regular Assessment for Common Expenses to be incurred by the Association during such calendar year in the performance of its duties and obligations pursuant to this Declaration. Such Regular Assessments shall be established, made, levied, imposed, enforced, collected and otherwise governed by the following provisions, to wit:

11.7.1. Initial Regular Assessment. The initial or first Regular Assessment for calendar year 1998 shall not exceed Three Hundred Fifty Dollars (\$350.00) per Lot.

11.7.2. Rate of Regular Assessments. Subsequent to calendar year 1998 the amount of the Regular Assessment for each calendar year shall be established and determined by the Board of Directors of the Association not later than thirty (30) days prior to the beginning of each calendar year. The Board shall establish the Regular Assessment for each calendar year based upon a pro forma operating statement and estimated budget for such calendar year, which in turn shall be based upon, among other things, an estimate of the total Common Expenses likely to be incurred during such calendar year, taking into account the previous operating history of and any surplus funds (not including reserves) held by the Association, the monies available from the Capital Fund to defray a portion of the Common Expenses, and the establishment of reasonable reserves for the maintenance and replacement of and repairs to the Common Property, and the maintenance obligations upon the Lots as provided herein.

11.7.3. Notice of Regular Assessments. Not later than fifteen (15) days prior to the beginning of each calendar year the Association shall provide written notice to each Owner of the amount of the Regular Assessment established, made, levied and imposed for the next succeeding calendar year and the dates upon which installments for the same shall become due and payable.

11.7.4. Commencement of Regular Assessments. Unless otherwise determined by the Board of Directors of the Association, Regular Assessments shall commence as to all Lots

on the first day of the month following the conveyance of the Lot by the Developer to any third-party Owner.

11.7.5. Assessments Upon Developer Owned Lots. Until such time as the Members other than the Developer are entitled to elect at least a majority of the members of the Board of Directors of the Association, the Developer shall be excused from payment of the Assessments levied against the Lots owned by the Developer. Provided, for such period of time, Developer shall be obligated to pay any operating expenses incurred by the Association that exceed the Assessments received from other Members and other income of the Association.

11.7.6. Insufficient Regular Assessments. In the event that the Association shall determine during any calendar year (after the Class B membership is converted to Class A membership) that the budget and Regular Assessment established for such calendar year is or will become inadequate or insufficient to meet all Common Expenses for such calendar year, for whatever reason, the Association shall be entitled to immediately determine the approximate amount of the deficiency or inadequacy of the budget and Regular Assessment for such calendar year, furnish a written notice of revised budget and revised Regular Assessment for Common Expenses to all Members of the Association, and within thirty (30) days thereafter establish, make, levy, impose, enforce and collect the revised Regular Assessment for the balance of such calendar year.

11.7.7. Payment of Assessments. Regular Assessments shall be due and payable in advance in monthly installments as determined by the Board of Directors of the Association, in its reasonable discretion. Such installments shall be due and payable without any further notice other than the notices specified in Sections 11.7.3 and 11.7.6 above.

11.8. Capital Expenditure Assessments.

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In addition to the other Assessments for which provision is made in this Declaration, the Association shall be and is hereby authorized and empowered to establish, make, levy, impose, enforce and collect from time to time Capital Expenditure Assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction or the unexpected repair or replacement of any capital improvement to or upon the Common Property, or the cost of the initial purchase of any subsequent unexpected repair or replacement of any fixtures, equipment or personal property purchased, repaired or replaced by the Association in furtherance of the discharge of its duties and obligations pursuant to this Declaration; provided, however, that any Capital Expenditure Assessment shall have the prior approval of two-thirds (2/3) of all Members who are voting in person or by proxy at a meeting of the Association duly called for such purpose and of which written notice specifying the nature of the proposed capital expenditure and the amount of the proposed Capital Expenditure Assessment is sent to all Members of the Association at least thirty (30) days in advance of such meeting. All sums collected as Capital Expenditure Assessments shall be used only for the capital improvements or purchases for or with respect to which such Capital Expenditure Assessment has been approved, and such sums shall be deposited by the Association in a separate interest bearing bank account,



not commingled with any other funds of the Association, to be held in trust by the Association for such purposes.

#### 11.9. Special Assessments.

In addition to other Assessments for which provision is made in this Declaration, the Association shall be and hereby is authorized and empowered to establish, make, levy, impose, enforce and collect from time to time Special Assessments for any purpose directly related to the discharge of its duties and obligations pursuant to this Declaration, provided, however, that any such Special Assessment shall have the prior approval of two-thirds (2/3) of all Members of the Association who are voting in person or by proxy at a meeting of the Association duly called for such purpose and of which written notice specifying the nature and amount of the proposed Special Assessment is sent to all Members of the Association at least thirty (30) days in advance of such meeting. All sums collected as Special Assessments shall be used only for the purpose for which such Special Assessment is established, made, levied, imposed, enforced and collected and shall be deposited in a separate interest bearing bank account, not commingled with any other funds of the Association, and held in trust by the Association for such purpose.

#### 11.10. Individual Lot Assessments.

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In addition to any other Assessments for which provisions are made in this Declaration, the Association shall be and hereby is authorized and empowered to establish, make, levy, impose, enforce and collect against and from a particular Lot and the Owner of such Lot an Individual Lot Assessment for:

11.10.1. costs and expenses incurred by the Association in bringing the particular Owner or his particular Lot into compliance with the provisions of this Declaration, including any action taken or cost or expense incurred by the Association to cure and eliminate any violation of or noncompliance with the provisions of this Declaration, following the failure of such Owner, within fourteen (14) days following written notice from the Association of the nature of the violation of or noncompliance with this Declaration, to cure or remedy such violation or noncompliance;

11.10.2. costs and expenses incurred by the Association to repair or correct any damages to a Lot or Residence, or Common Property, including landscaping, where such damages were caused by the act or negligence of the Owner, the Owner's family members, or any guest, invitee or tenant of the Owner;

11.10.3. costs and expenses incurred by the Association in providing exterior maintenance or repairs which are the responsibility of an Owner of a Lot or Residence, where the Owner has failed, after notice, to perform the necessary maintenance;

11.10.4. costs and expenses, including reasonable attorneys' fees, whether or not suit be brought, incurred by the Association in the enforcement of the provisions of this Declaration against the particular Lot or the Owner thereof;

11.10.5. costs and expenses incurred by the Association in furnishing or providing labor, services and materials which benefit the particular Lot or the owner of a particular Lot provided that such labor, services or materials can be accepted or rejected by such Owner in advance of the Association's furnishing or providing the same, such that upon such Owner's acceptance of any such labor, services or materials such Owner shall be deemed to have agreed that the costs and expenses associated therewith shall be made, levied, imposed, collected and enforced as an Individual Lot Assessment against such Owner and his particular Lot; and

11.10.6. reasonable overhead expenses of the Association associated with any Individual Lot Assessment, established, made, levied, imposed, collected and enforced pursuant to this Section 11.10, in an amount not to exceed fifteen percent (15%) of the actual costs and expenses incurred by the Association for any Individual Lot Assessment as specified in this Section 11.10.

11.11. Uniformity of Assessments.

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Except for Individual Lot Assessments for which provision is made in Section 11.10 of this Declaration, all Assessments shall be uniformly fixed at an equal amount for each Lot.

11.12. Subordination of Assessment Lien.

The lien of and for all Assessments provided for in this Declaration shall be and is hereby made junior, inferior and subordinate in all respects to the lien of any bona fide first mortgage held by an Institutional Lender upon a particular Lot, and to the lien of any bona fide second mortgage held by an Institutional Lender or provided or funded with public purpose funds. The sale, transfer or conveyance of title to a particular Lot shall not affect the effectiveness, viability or priority of any Assessment lien or the personal liability of the Owner of such Lot for the payment of any Assessment; provided, however, that the sale, transfer or conveyance of title to a particular Lot pursuant to judicial proceedings in foreclosure of a bona fide first mortgage or deed in lieu of foreclosure to an Institutional Lender on such Lot held by an Institutional Lender shall extinguish the lien of such Assessments (but not the personal liability of the Owner of such Lot) as to payments on account thereof which became due and payable prior to such foreclosure sale, transfer or conveyance. However, no such foreclosure sale, transfer or conveyance shall relieve such Lot or the Owner of that Lot from the personal obligation or liability for the payment of any Assessments accruing or becoming due and payable subsequent to such sale, transfer or conveyance, or from the lien thereof.



### 11.13. Certificate of Assessments Due.

The Association shall, upon the request of an Owner or any other interested party authorized by the Owner, furnish a certificate executed by its President, Secretary, Treasurer or any other officer or agent thereunto duly authorized, setting forth whether Assessments payable with respect to a particular Lot have been paid, the amount of the delinquency, if any, and the amounts of any outstanding and unpaid interest, late charges, penalties, costs of collection, including attorneys' fees and court costs, if any, associated with any such delinquent Assessments. A properly executed certificate of the Association as to the status of Assessments, as aforesaid, shall be binding upon the Association as conclusive evidence of the status of the payment of any Assessment therein stated to have been paid or to be delinquent as of the date of the issuance of such certificate. The Association shall be entitled to charge and collect a reasonable fee for and as a condition precedent to the issuance of any such certificate.

### 11.14. No Defenses or Offsets.

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All Assessments shall be payable in the amounts and at the times specified in any Notice of Assessment and no defenses or offsets against the payment of such amounts shall be permitted for any reason whatsoever, including without limitation, a claim by an Owner that (i) the Association has not properly exercised its rights and powers or performed or discharged its duties and obligations as provided in this Declaration or in the Articles of Incorporation or the By-Laws of the Association; (ii) an Owner and his family has made or elected to make no use of the Common Property; (iii) the Owner and his family have otherwise waived or elected to waive their membership in the Association; or (iv) the Association has suspended the right, privilege and easement of such Owner and his family to use the Common Property as provided in Section 7.4 – Use by Owners of this Declaration.

### 11.15. Waiver of Homestead and other Exemptions.

Each Owner, by the acceptance of a deed or other conveyance to his Lot, shall, to the extent permitted by applicable law, be deemed to have waived, with respect to any lien for Assessments at any time imposed upon such Lot pursuant to this Declaration, the benefit of any homestead or similar exemption laws of the State of Florida or the United States of American now in effect or hereafter enacted.

## ARTICLE XII

### NON-PAYMENT OF ASSESSMENTS

#### 12.1. Delinquency.

Any Assessment established, made, levied or imposed by the Association pursuant to and in accordance with this Declaration which is not paid on its due date shall be delinquent. With reasonable promptness after any Assessment becomes delinquent, the Association shall provide

written notice of such delinquency to the Owner with respect to which such delinquent Assessment has been made, levied and imposed. If the delinquent Assessment is not paid within ten (10) days following the delivery of such notice of delinquency, the Association, in its discretion, shall be entitled to immediately impose a reasonable late charge associated with the administration of such delinquent Assessment. Additionally, any such unpaid Assessment shall bear interest from the date of delinquency at the highest rate then allowed by the laws of the State of Florida (18%) or such lesser rate as shall be determined by the Board of Directors of the Association, in its discretion.

12.2. Notice of Lien.

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The Association shall have the right, at any time following the expiration of a period of ten (10) days following the aforesaid delivery of the notice of delinquency, to cause a Claim of Lien for such delinquent Assessments to be filed among the Public Records of Orange County, Florida. Any such Claim of Lien shall, among other things, state and identify the legal description of the Lot against or with respect to which the lien is claimed, the name of the record Owner of such property as best known to the Association as determined from its records, the amount of the lien claimed, including interest, late charges, and costs and expenses associated with collection, if any, accrued to the date of the execution of such Claim of Lien, which shall also secure payment of additional interest, late charges and costs and expenses associated with collection, including reasonable attorneys' fees, accrued or incurred through the date of collection, whether legal action is brought, and at trial or on appeal. Such Claim of Lien shall be executed by the President, Secretary, Treasurer or any other officer or agent of the Association thereunto duly authorized by the Association or by the attorney for the Association. Within twenty (20) days of the recording of the same, a copy of such Claim of Lien shall be sent to the Owner of the property against or with respect to which lien is claimed by either: (a) United States certified or registered mail with return receipt requested and with postage prepaid or (b) hand delivery to the mailbox of the Residence situate on such Lot.

12.3. Foreclosure of Assessment Lien.

The Association shall be entitled, at any time subsequent to the filing of the aforesaid Claim of Lien among the Public Records of Orange County, Florida against or with respect to a particular Lot, to bring an action in the Circuit Court in and for Orange County, Florida to foreclose the lien of the Association for delinquent Assessments evidenced by such Claim of Lien in the same manner as mortgage liens are foreclosed. Any judicial sale pursuant to such foreclosure action shall be conducted as ordered by the Court or in accordance with the provisions of Section 45.031, Florida Statutes, as amended or replaced from time to time. The Association shall have the right and power to bid at any foreclosure sale with respect to any lien foreclosed by it using its judgment for the delinquent Assessment, Association funds, or funds otherwise borrowed by the Association for that purpose, and if the successful bidder at such foreclosure sale, to acquire, own, hold, lease, sell, mortgage and convey any Lot upon or with respect to which it has foreclosed its lien for delinquent Assessments.



#### 12.4. Collection from Owner.

The Association shall, at any time following the delivery of the aforesaid notice of delinquency, also be entitled to bring an action at law for the recovery and collection of such delinquent Assessment in the Circuit Court in and for Orange County, Florida against the Owner personally obligated for the payment of such delinquent Assessment. Each Owner of a Lot, by acceptance of a deed or other conveyance of the Lot owned by him shall be deemed to have agreed and consented to the jurisdiction of said Court over the person of such Owner for purposes of any action at law for the recovery and collection of any delinquent Assessment, for the payment of which he is personally obligated.

#### 12.5. Judgment Amount.

Whether in an action at equity to foreclose the lien of the Association for delinquent Assessments or in an action at law for the recovery and collection of any such delinquent Assessments or in an action at law for the recovery and collection of any such delinquent Assessment from the Owner of the Lot personally obligated for the payment of the same, the Association shall be entitled to recover in such proceedings the amount of such delinquent Assessment, together with late charges and interest thereon, if any, and costs and expenses, including reasonable attorneys' fees, incurred by the Association in connection with the enforcement, recovery and collection thereof.

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#### 12.6. Remedies Cumulative.

The remedies herein provided for the collection and enforcement of Assessments and the foreclosure of the lien therefor shall be cumulative and not alternative; it being expressly provided that any suits brought for the collection of assessments against the Owner personally obligated and liable for the payment of the same and for the foreclosure of the lien herein provided against the Lot involved may be brought simultaneously as separate counts in the same action.

#### 12.7. Release of Lien.

Upon payment or other satisfaction of (a) all delinquent Assessments specified in the Claim of Lien, (b) interest, late charges, costs and expenses of collection, including attorneys' fees, as aforesaid, which have accrued to the date of such payment or satisfaction, and (c) all other Assessments which have become due and payable with respect to the Lot with respect to which a Claim of Lien has been recorded, the President, Secretary, Treasurer or any other officer or agent of the Association thereunto duly authorized, or the attorney for the Association, shall cause an appropriate release of such Claim of Lien to be filed and recorded among the Public Records of Orange County, Florida upon the payment by the Owner of the Lot with respect to which such Claim of Lien was recorded of a reasonable fee to be determined by the Association, but not to exceed FIFTY AND NO/100 DOLLARS (\$50.00), to cover the costs associated with

the administration of the satisfaction and release of such lien including, without limitation, the cost of preparing and recording such release.

### ARTICLE XIII

#### ARCHITECTURAL AND LANDSCAPE CONTROL

##### 13.1. Reservation of Architectural and Landscape Control.

In order to ensure that the development of the Villages of Southport will proceed pursuant to a uniform plan of development and in accordance with established architectural and aesthetic standards which are designed and calculated to bring about the achievement and creation of, and to thereafter maintain, preserve and protect within the Villages of Southport a unique, pleasant, attractive and harmonious physical environment, the Developer shall have and hereby reserves unto the Association, for the duration hereinafter specified, the right, privilege, power and authority to review, approve and control the design, placement, construction, erection and installation of any and all buildings, structures and other Improvements of any kind, nature or description, including landscaping, upon all Residential Property and all Common Property. Such right and control of the Association shall be exercised in the manner hereinafter provided in this Article XIII.

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##### 13.2. Architectural Review Board.

The architectural and landscape review and control functions expressly reserved to the Association pursuant to Section 13.1 of this Declaration shall be and are hereby delegated by Developer to and shall be administered and performed on behalf of the Association by an Architectural Review Board composed of not less than three (3) nor more than five (5) persons appointed from time to time as hereinafter provided in Section 13.3 of this Declaration. The members of the Architectural Review Board need not be Owners or Members of the Association; provided, at least two (2) shall be Members of the Association. Three (3) members of the Architectural Review Board shall constitute a quorum for the transaction of any and all business of and the rendition of any and all decisions by the Architectural Review Board. The action of a majority of such members as are present at a meeting of the Architectural Review Board shall determine the action taken by the Architectural Review Board at such meeting.

##### 13.3. Appointment of Architectural Review Board.

The Association, acting by and through its Board of Directors, shall have the right to appoint and replace from time to time all members or the Architectural Review Board.

#### 13.4. Purpose and Function of Architectural Review Board.

The purpose and function of the Architectural Review Board shall be to (a) create, establish, develop, foster, maintain, preserve and protect within The Villages of Southport a unique, pleasant, attractive and harmonious physical environment grounded in and based upon a uniform plan of development with established architectural and aesthetic standards, and (b) review, approve and control the design of any and all buildings, structures and other Improvements of any kind, nature or description, including landscaping, to be constructed upon all Residential Property and all Common Property within the Villages of Southport. Neither the Developer, the Association, nor the Architectural Review Board, or any of its members, shall have any liability or obligation to any person or party whomsoever or whatsoever to check every detail of any plans and specifications or other materials submitted to and approved by it or to inspect any Improvements constructed upon Residential Property or Common Property, to assure compliance with any plans and specifications approved by it or to assure compliance with the provisions of the Design Standards Manual, if any, to be adopted by the Architectural Review Board from time to time.

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#### 13.5. Standards for Review and Approval.

Any such review by and approval or disapproval of the Architectural Review Board shall take into account the objects and purposes of this Declaration and the purposes and function of the Architectural Review Board. Such review by and approval of the Architectural Review Board shall also take into account and include the type, kind, nature, design, style, shape, sizes, height, width, length, scale, color, quality, quantity, texture and materials of the proposed building, structure or other Improvement under review, both in its entirety and as to its individual or component parts, in relation to its compatibility and harmony with other, contiguous, adjacent and nearby structures and other Improvements and in relation to the topography and other physical characteristics of its proposed location and in relation to the character of the Villages of Southport community in general. The Architectural Review Board shall have the right to refuse to give its approval to the design, placement, construction, erection or installation of any Improvement on Residential Property or Common Property which it, in its sole and absolute discretion, deems to be unsuitable, unacceptable or inappropriate for the Villages of Southport.

#### 13.6. Design Standards and Design Standards Manual.

The Architectural Review Board may develop, adopt, promulgate, publish and make available to all Owners and others who may be interested, either directly or through the Association, at a reasonable charge, and may from time to time change, modify and amend, a manual or manuals setting forth detailed architectural and landscape design standards, specifications and criteria to be used by the Architectural Review Board ("Design Standards Manual(s)") as a guide or standard for determining compliance with this Declaration and the acceptability of those components of development, construction and improvement of any Residential Property or Common Property requiring review and approval by the Architectural Review Board. Any such Design Standards Manual must be approved by the Board of Directors



of the Association in writing prior to its adoption and promulgation, and may include pre-approved design elements that may be used by Owners, together with pre-approved home improvements that may be implemented, pre-approved colors and color combinations that may be used, and pre-approved landscape packages and plantings which may be used. Any such single Design Standards Manual, or separate Architectural Design Standards Manual and separate Landscape Design Standards Manual, may include a detailed interpretation or explanation of acceptable standards, specifications and criteria for a number of typical design elements, including, without limitation, site planning, architectural design, building materials, building construction, landscaping, irrigation, and such other design elements as the Architectural Review Board shall, in its discretion, determine. Such Design Standards Manuals shall be used by the Architectural Review Board and other affected persons only as a guide and shall not be binding upon the Architectural Review Board in connection with the exercise of its review and approval functions and ultimate approval or refusal to approve plans and specifications submitted to it pursuant to this Declaration.

13.7. Procedure for Design Review.

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The Architectural Review Board shall develop, adopt, promulgate, publish and make available to all Owners and others who may be interested, either directly or through the Association, at a reasonable charge, and either included within or separate and apart from the Design Standards Manual, reasonable and practical rules governing the submission of plans and specifications to the Architectural Review Board for its review and approval. Unless such rules and regulations are complied with in connection with the submission of plans and specifications requiring review and approval by the Architectural Review Board, plans and specifications shall not be deemed to have been submitted to the Architectural Review Board. Additionally, the Architectural Review Board shall be entitled, in its discretion, to establish, determine, charge and assess a reasonable fee in connection with and for its review, consideration and approval of plans and specifications pursuant to this Article (a "Design Review Fee"), taking into consideration actual costs and expenses incurred during the review process, including the fees of professional consultants, if any, to the members of the Architectural Review Board, as well as taking into account the costs and expenses associated with the development, formulation and publication of any Design Standards Manual adopted by the Architectural Review Board pursuant to Section 13.6 of this Declaration. The Design Review Fee shall be established by the Architectural Review Board and approved by the Board of Directors of the Association, and may be increased or decreased by the Architectural Review Board from time to time, subject to approval by the Board of Directors.

In the absence of other rules, regulations and procedures, three (3) copies of such of the following materials, as the Review Board may deem necessary and appropriate, given consideration of the type of proposed Improvement, all drawn to scale, shall be submitted to the Architectural Review Board, to-wit:

13.7.1. Preliminary and final architectural plans for all proposed buildings, structures and other Improvements proposed to be constructed or installed on a particular site.



13.7.2. Floor plans, cross sections, and elevations of all sides of any proposed buildings, structures or any other Improvements proposed to be constructed on the site.

13.7.3. Samples or representative samples of all materials proposed for use on exterior surfaces of all buildings, structures and any other Improvements, including colors and textures.

13.7.4. An accurate artist's rendering of the proposed buildings, structures and improvements depicting the location of adjacent buildings, landscaping, screening, signs and other Improvements.

13.7.5. Appropriate specifications for all construction to be undertaken on the site.

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13.7.6. A grading, paving and drainage plan and a planting or landscaping plan, including the location of all screening walls and fences, for analysis of adequacy of visual screening, erosion control and landscape architectural design, including a plan showing natural grades and natural growth prior to the commencement of any site work or other construction.

13.7.7. A site plan showing the proposed location of all onsite utility lines, facilities and easement, and all driveways, walkways, etc. and the "foot print" of all other improvements to be located on the site.

13.7.8. Any other information reasonably required by the Architectural Review Board in order to ensure compliance with the covenants, conditions, restrictions and other requirements contained in this Declaration or in the Design Standards Manual promulgated pursuant hereto.

### 13.8. Staged Review.

The procedural rules adopted by the Architectural Review Board pursuant to Section 13.7 of this Declaration may provide for its review and approval functions to be accomplished in one (1) or more than one (1) stages. Any preliminary or conceptual review and approval of formative or initial concepts or designs by the Architectural Review Board shall only be advisory in nature and shall not be binding upon the Architectural Review Board in connection with its review and ultimate approval or disapproval of the preliminary and final plans and specifications submitted to it as provided in this Declaration.

### 13.9. Time Limitation on Review.

The Architectural Review Board shall either approve or disapprove any plans, specifications or other materials submitted to it within thirty (30) days after the same have been duly submitted in accordance with any rules regarding such submission as shall have been

adopted by the Architectural Review Board. The failure of the Architectural Review Board to either approve or disapprove the same within such thirty (30) day period shall be deemed to be and constitute disapproval of such plans, specifications and other materials.

13.10. Duration of Approval.

Any approval of plans, specifications and other materials, whether by the Architectural Review Board, or by the Board of Directors of the Association following appeal, shall be effective for a period of ninety (90) days from the effective date of such approval. If construction or installation of the building, structure or other Improvement for which plans, specifications and other materials have been approved, has not commenced within said ninety (90) day period, such approval shall expire, and no construction shall thereafter commence without a resubmission and approval of the plans, specifications and other materials previously approved. The prior approval shall not be binding upon the Architectural Review Board on resubmission in any respect.

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13.11. Inspection of Construction.

Any member of the Architectural Review Board may, but shall not be obligated to, enter upon, any Residential Property or Common Property and any building structure or other Improvement located thereon at any reasonable time without being deemed guilty of trespass, in order to inspect any building, structure or other Improvement constructed, erected or installed or then being constructed, erected or installed thereon in order to ascertain and determine whether or not any such building, structure or other Improvement has been or is being constructed, erected, made, placed or installed in compliance with this Declaration and the plans, specifications and other materials approved by the Architectural Review Board.

13.12. Evidence of Compliance.

Upon a request therefor from, and at the expenses of, any Owner upon whose Lot the construction, erection, placement or installation of any building, structure or other Improvement has been completed or is in the process, the Architectural Review Board shall, upon payment by the requesting Owner of a reasonable fee approximating the actual costs associated with such inspection and preparation of a notice, cause an inspection of the Improvements completed or to be undertaken within thirty (30) days, and shall provide a written statement to such Owner as to whether the inspection reveals that the buildings, structures or other Improvements are or are not in compliance with plans, specifications and other materials approved by the Architectural Review Board.

13.13. Interior Alterations Exempt.

Nothing contained in this Article XIII shall be construed so as to require the submission to or approval by the Architectural Review Board of any plans, specifications or other materials for the reconstruction or alteration of the interior of any building, structure or other Improvement

constructed on Residential Property or Common Property after having been previously approved by the Architectural Review Board, unless any proposed interior construction or alteration will have the effect of changing or altering the /exterior appearance of such building, structure or other Improvement.

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13.14. Exculpation for Approval or Disapproval of Plans.

The Developer, any and all members of the Architectural Review Board and any and all officers, directors, employees, agents and Members of the Association, shall not, either jointly or severally, be liable or accountable in damages or otherwise to any Owner or other person or party whomsoever or whatsoever by reason or on account of any decision, approval or disapproval of any plans, specifications or other materials required to be submitted for review and approval pursuant to the provisions of this Article XIII, or for any mistake in judgment, negligence, misfeasance or nonfeasance related to or in connection with any such decision, approval or disapproval. Each person who shall submit plans, specifications or other materials to the Architectural Review Board for consent or approval pursuant to the provisions of this Article XIII, by the submission thereof, and each Owner by acquiring title to any Lot or any interest therein, shall be deemed to have agreed that he or it shall not be entitled to and shall not bring any action, proceeding or suit against the Developer, the Architectural Review Board, the Association nor any individual member, officer, director, employee or agent of any of them for the purpose of recovering any such damages or other relief on account of any such decision, approval or disapproval. Each Owner submitting plans, specifications and other materials to the Architectural Review Board, or the Board of Directors of the Association on appeal must acknowledge in writing that the plans, specifications and other materials shall be reviewed and approved only with respect to their compliance with the provisions of this Declaration and their acceptability of design, style, materials, appearance and location in light of the standards for review and approval specified in this Declaration and the Design Standards Manual, and shall NOT be reviewed or approved for their compliance with any applicable Governmental Regulations, including, without limitation, any applicable building or zoning laws, ordinances, rules or regulations, or for their safety or suitability for any particular use or purpose. By the approval of any such plans, specifications or materials, neither the Developer, the Architectural Review Board, the Association, nor any individual member, officer, director, employee or agent of any of them, shall be deemed to have assumed or incurred any liability or responsibility whatsoever for any violation of Governmental Regulations or any defect in the design or construction of any building, structure or other Improvement, constructed, erected, placed or installed pursuant to or in accordance with any such plans, specifications or other materials approved pursuant to this Article XIII.

## ARTICLE XIV

### BUILDING RESTRICTIONS – RESIDENTIAL PROPERTY

#### 14.1. Generally.

The erection, placement, construction and installation of all Improvements on the Residential Property shall be subject to and governed by the following covenants, conditions, restrictions and reservations, to wit:

#### 14.2. Building Type.

The use of Residential Property is limited to residential dwelling purposes only and no building or structure or other Improvements shall be placed, located, erected, constructed or installed or permitted to remain on Residential Property except for such purposes.

#### 14.3. Approved Plans.

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All Improvements must be constructed in accordance with detailed plans and specifications, prepared by licensed registered architects where appropriate, and designs approved by all necessary governmental authorities and by the Architectural Review Board prior to the commencement of construction as more particularly provided in Article XIII – Architectural and Landscape Control, of this Declaration.

#### 14.4. Governmental Regulations.

All Improvements placed, located, erected, constructed and installed upon Residential Property shall conform to and comply with all applicable Governmental Regulations, including, without limitation, all building and zoning regulations of the City, particularly those applicable to the site plan and Development Plan of the Villages of Southport, approved by the City pursuant to the PD Ordinance.

#### 14.5. Design Standards Manual.

All Improvements shall be placed, located, erected, constructed, installed and maintained in conformance with the Design Standards Manual for which provision is made in Article XIII – Architectural and Landscape Control, of this Declaration, as the same may be changed, amended or modified from time to time.

#### 14.6. Construction.

The construction of all Improvements must be performed by such builders, general contractors and subcontractors as are (a) licensed in the State of Florida and the City to engage in the business of residential building and construction and (b) approved in writing by the



Association as being qualified and otherwise acceptable to Association to perform construction work within the Villages of Southport and all construction shall otherwise comply with the Design Review Standards for the Villages of Southport. Provided, the Architectural Review Board may, in its sole and absolute discretion, approve certain types of Improvements to be installed by an Owner, where such Owner can demonstrate to the satisfaction of the Board his ability to satisfactorily perform such work.

#### 14.7. Construction Time.

Unless otherwise approved by the Architectural Review Board in writing, construction of Improvements must be commenced not later than ninety (90) days from the date that the Architectural Review Board issues its written approval of the final plans and specifications therefor. If construction shall not commence within such ninety (90) day period the plans and specifications for any proposed construction must once again be reviewed and approved by the Architectural Review Board in accordance with the provisions of Article XIII of this Declaration and any prior approval of the same by the Architectural Review Board shall no longer be binding on the Architectural Review Board. Upon commencement of construction, such construction shall be performed diligently, continuously and without interruption to completion within a reasonable time, but in no event more than six (6) months from the date of the commencement of such construction. However, the Architectural Review Board shall have the power and authority to extend the period permitted for construction, as aforesaid; provided that the Owner and general contractor involved make written application for such extension stating the reasons for the requested extension of time and provided further that the Architectural Review Board, in the exercise of its reasonable discretion, determines that the request is reasonable and the extension is warranted.

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#### 14.8. Governmental Requirements.

In the event Governmental Regulations require restrictions more stringent than as set forth herein, the Governmental Regulations shall control.

#### 14.9. Temporary Improvements.

No buildings, structures, improvements or other facilities of a temporary nature, including trailers, or shacks shall be permitted on Residential Property; provided, however, that temporary improvements or facilities used solely in connection with and during the period of the construction of approved permanent Improvements may be permitted by the Architectural Review Board, in its discretion, during the period of the construction of such permanent Improvements so long as the same are located as inconspicuously as possible and are removed immediately following the completion of such construction. The location of such temporary improvements during construction shall be approved in writing by the Architectural Review Board.



#### 14.10. Garages and Carports.

No carports shall be placed, erected, constructed, installed or maintained on Residential Property. Each single family residential dwelling constructed and maintained on Residential Property shall have a garage for at least one (1) car as an appurtenance thereto. Each garage shall have a minimum width, as measured from inside walls, of ten (10 ) feet and a minimum depth of twenty (20) feet. Garages may also contain appropriately sized storage rooms, recreational workshops and tool rooms as approved by the Architectural Review Board. All garages must have garage doors and all garage doors shall remain closed at night, save and except for the temporary opening of same in connection with the ingress and egress of vehicles and the loading or placement and unloading or removal of other items customarily kept or stored therein. Each garage shall also have a service door to the outside. No garage or carport shall be converted to another use (e.g., living space) without the substitution, on the Lot involved, of another garage meeting the requirements of this Section 14.10 of this Declaration and the approval of the Architectural Review Board as otherwise provided in this Declaration.

#### 14.11. Curb Cuts.

Vehicular access to each Lot on Residential Property shall be through or over the driveway and curb cut as shall be approved by the Architectural Review Board. The location, size and angle of the approach of all driveways and curb cuts shall be subject to the approval of the Architectural Review Board.

#### 14.12. Driveways; Parking Areas.

All driveways, turnarounds and parking areas shall be concrete, asphalt, or constructed with some other hard, dust-free material approved by the Architectural Review Board or otherwise specified in the Design Standards Manual. Each driveway shall extend the entire distance from the garage door to the paved portion of the street or roadway in front of or adjacent to the Lot on which such driveway is constructed. No parking of automobiles shall be permitted on or across sidewalks.

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#### 14.13. Roof Structure.

No antennas, windmills, appliances or other rooftop installation or structure of any type shall be placed, located, erected, constructed, installed or maintained upon the exterior roof of any building or structure unless the same shall first be approved in writing by the Architectural Review Board and shall otherwise be erected, constructed, installed and maintained on the rear yard side of the roof or otherwise in such manner and at such location that the same shall not be visible from any street or neighboring Residence. It is expressly provided, however, that rooftop attic ventilators and fans and solar collector panels which are designed and architecturally treated in an aesthetically acceptable manner and otherwise in conformance with guidelines therefor, if any, set forth in the Design Standards Manual may be permitted if approved by the Architectural Review Board within its discretion.

#### 14.14. Antennas, Etc.

No antennas, aerials, TVRO's (television receiver only) antennas, downlinks, dish antennas in excess of 19 inches in diameter or other devices for the transmission or reception of radio, television or satellite delivered signals, or any other form of electromagnetic radiation or communication shall be erected, constructed, installed, used or maintained outside of any building or structure on Residential Property whether or not the same is attached to or detached from a building or a structure. Any dish antennae, not in excess of 19 inches in diameter, shall not be located in the front yard or visible from the street, and shall be screened from view by the neighbors.

#### 14.15. Reflective or Mirrored Glass.

No reflective or mirrored glass shall be used on, in or for the windows or doors of any buildings or other Improvements constructed upon Residential Property. No tinted windows or doors shall be permitted unless first approved by the Architectural Review Board in writing taking into account the degree of tinting and the aesthetics of the Improvements involved.

#### 14.16. Awnings, Shutters and Window Coverings.

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Unless first approved by the Architectural Review Board, no window of any building or other Improvements constructed upon Residential Property shall be covered by any awnings, canopies, shutters (including hurricane or storm shutters), boards, or similar type window coverings; except such as may be required for protection from storms and only then during the period of any such storm. No windows shall be covered by or coated, either inside or outside, with any foil or other reflecting or mirrored materials. The foregoing restriction shall not be construed as a prohibition against decorative exterior shutters located to the side of window openings.

#### 14.17. Exterior Air Conditioning Equipment.

All air conditioning compressors and other equipment located outside of a Residence shall be screened from the view of street and road rights of way, adjacent Lots and the Common Property with appropriate landscaping, and otherwise in conformity with the applicable provisions of the Design Standards Manual or as otherwise approved by the Architectural Review Board. **Absolutely no window air conditioning units shall be permitted.** Any new installation of such equipment shall be located at the side or rear of the Residence.

#### 14.18. Fences, Walls and Screen Enclosures.

Other than those constructed by the Developer and/or the Association within the Wall and Landscape Easements established pursuant to Section 8.6 of this Declaration, no fences or walls shall be erected on Residential Property unless approved in writing by the Architectural Review Board. No fences may be installed in the front or side yards, which are maintained by

the Association. The height of all fences or walls shall be subject to the control and approval of the Architectural Review Board, and shall not exceed five (5) feet in height, provided fences with columns and posts shall be permitted to be six (6) feet in height. All fences and walls shall be constructed to conform to guidelines and specifications set forth in the Design Standards Manual. Exception to such specifications may be permitted by the Architectural Review Board, in its discretion; provided, however, that in no event shall there be any uncovered or exposed chain link. The limitations contained herein shall not be construed as prohibiting the construction of screen enclosures around swimming pools, in a design and of a material approved by the Architectural Review Board.

#### 14.19. Exterior Building Materials; Finishes and Colors.

All exterior building materials, finishes and colors shall be in conformance with the applicable provisions of the Design Standards Manual or as otherwise approved by the Architectural Review Board. The foregoing restriction shall be equally applicable to the initial as well as any subsequent painting of any Improvements located on Residential Property.

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#### 14.20. Exterior Lighting.

Exterior lighting or illumination of buildings, yards, parking areas, sidewalks and driveways on a Lot shall be designed and installed so as to avoid visible glare (direct or reflected) from street and road rights-of-way, other Residential Property or Common Property. All exterior lighting shall conform to the applicable provisions of the Design Standards Manual. Special exceptions to such specifications may be approved by and within the discretion of the Architectural Review Board upon a showing of good cause therefor.

#### 14.21. Garbage and Trash Storage Areas.

All exterior garbage and trash storage areas shall be located at the rear of the Residence, or if in the side yard shall be screened as necessary so as not to be visible from the street. No such storage area shall be located in the front of the Residence, and all must otherwise be in conformity with the applicable provisions of the Design Standards Manual or as otherwise approved by the Architectural Review Board.

#### 14.22. Underground Utilities.

All utility lines and facilities from the street to the home shall be located and installed underground or concealed under or within a building or other on-site Improvements approved by the Architectural Review Board, provided, however, that the foregoing restriction shall not be deemed to prohibit the following: (a) temporary electric power and telephone service poles and water lines which are incident to the ongoing construction of approved permanent Improvements, and, provided further, that the same are removed immediately following the completion of such construction; (b) above-ground electric transformers, meters and similar apparatus properly screened as specified in the Design Standards Manual or as otherwise

approved by the Architectural Review Board; (c) permanent outdoor safety light poles located and installed in conformance with the applicable provisions of the Design Standards Manual, or as otherwise approved by the Architectural Review Board.

#### 14.23. Cable Television System.

Each dwelling constructed on Residential Property shall be wired to receive cable television service from Time Warner Communications, by exclusive agreement for the entire Villages of Southport development, which is to be installed throughout the Villages of Southport. The Association may attempt to obtain a bulk sales agreement with such provider, which would enable the Association to resell the service to Owners at a price below the standard rates of the provider. The plans and specifications for each residential dwelling within the Villages of Southport which may be submitted to the Architectural Review Board for its review and approval shall include plans and specifications which provide for the connection of the dwelling to the cable television system. The cost of the installation and maintenance of the cable wiring for each residential dwelling on Residential Property shall be borne by the cable television system operator. It is expressly provided, however, that notwithstanding any Architectural Review Board approval of the plans and specifications therefor, neither the Developer, the Association nor the Architectural Review Board shall have any responsibility or liability to anyone whomsoever or whatsoever, including, without limitation, any Owner, for any failure, deficiency or malfunction of any cable television system.

#### 14.24. Precedence Over Less Stringent Governmental Regulations.

In those instances where the covenants, conditions and restrictions set forth in this Article XIV set or establish minimum standards in excess of or more stringent than Governmental Regulations, including, without limitation, building and zoning regulations, the covenants, conditions and restrictions set forth in this Article XIV of this Declaration shall take precedence and prevail over less stringent Governmental Regulations.

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#### 14.25. Waivers, Exceptions and Variances by Developer.

Notwithstanding anything to the contrary set forth in or which may otherwise be implied from the terms and provisions of this Declaration, the Developer specifically reserves exclusively unto itself, for the duration hereinafter specified, the right and privilege (but Developer shall have absolutely no obligation) upon a showing of good cause therefor, to: (a) grant waivers with respect to any existing or proposed future deviation from, or violation or infraction of, the building restrictions specified in this Article XIV of this Declaration where, in the reasonably exercised good faith judgment and discretion of the Developer, the Developer shall determine or decide that such deviation, violation or infraction is de minimis, minor, or insignificant, (b) grant waivers of, exceptions to, or variances from, the building restrictions specified in this Article XIV of this Declaration where special conditions and circumstances exist which are peculiar to a particular Owner and not generally applicable to other Owners (e.g., because of its unusual size, configuration or location) or where a literal interpretation or



application of any such building restriction to a particular Lot would be inappropriate, inequitable or otherwise work or result in a hardship or deny such Owner thereof specific rights which are generally enjoyed by other Lots and Owners; it being expressly provided, however, that, in all cases, the Developer, in its exercise of such right and privilege shall, in its reasonably exercised and good faith judgment and discretion determine or decide that its grant of any such waiver, exception or variance shall not result in, represent, be or constitute a significant deviation of or derogation from (a) the uniform plan of development for the Villages of Southport, (b) the architectural and aesthetic standards otherwise established for the Villages of Southport or (c) the objects and purposes of this Declaration as hereinabove enumerated in Article II – Objects and Purposes of this Declaration. The Developer shall have such right and privilege to grant waivers, exceptions and variances, as aforesaid, until either (a) the expiration of a period of five (5) years from the date of the recordation of this Declaration among the Public Records of the County or (d) the sale by the Developer or its successors or assigns in the ordinary course of business, and not in bulk, of ninety-five percent (95%) of all Lots in the Villages of Southport, whichever shall last occur. Following the occurrence of the last of the foregoing events to occur, the right and privilege of the Developer to grant waivers, exceptions and variances, as aforesaid, shall be delegated and assigned by the Developer to and thereafter vest in the Architectural Review Board. To the extent that any such waiver, exception or variance is granted in a particular instance or with respect to any particular Lot or Improvement pursuant to the provisions of this Section 14.25, as aforesaid, the same shall not be deemed to be a precedent for the granting of such or any similar waiver, exception or variance in any other particular instance or any other particular Lot or Improvement.

## ARTICLE XV

### USE RESTRICTIONS – RESIDENTIAL

The use, occupation and enjoyment of Residential Property shall be subject to and governed by the following covenants, conditions and restrictions.

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#### 15.1. Residential Use.

No use shall be made of Residential Property other than for residential purposes for Owners, their families, guests, lessees and invitees.

#### 15.2. Ownership and Leasing.

Ownership of Residential Property shall be for residential purposes only. Residential Properties may be rented or leased only in accordance with the limitations set forth in this Declaration. No "Time Sharing Plan," as that term is defined in Section 721.05, Florida Statutes, or any similar plan of fragmented or interval ownership of Residential Property shall be permitted.



15.2.1. General. No Owner may dispose of a Lot or any interest in a Lot by lease without written approval of the Association. Additionally, no Residence shall be offered for lease on any short term (less than three (3) months) vacation, seasonal, interim, or transient basis. Any violation of this provision shall result in an immediate eviction of the unauthorized tenant, and the Owner shall be responsible for any and all costs incurred in effecting such eviction, which costs shall include reasonable attorney's fees and court costs.

15.2.2. Approval by Association.

(a) Notice. An Owner intending to make a bona fide lease of his Residence or any interest therein, shall give to the Association written notice of such intention, together with the name and address of the proposed lessee and the proposed lease document, as well as any other information concerning the intended lessee as the Association may reasonably require.

(b) Failure to Give Notice. If the above required notice to the Association is not given, then any leasehold interest granted by the Owner shall be void from its inception, and upon receiving knowledge of the lease transaction, the Association, at its election and without notice, may approve or disapprove the transaction. If the Association disapproves the transaction, the Association shall proceed as if it had received the required notice on the date of such disapproval.

(c) Application Form. The Association is vested with the authority to prescribe an application form which may require specific personal, financial, social and other data relating to the intended lessee in order to enable the Association to responsibly investigate the intended lessee within the time limits extended to the Association for that purpose. The application shall be completed and submitted as an integral part of the notice required herein. Inasmuch as Residences may be used only for residential purposes and a corporation may not occupy a Lot for such use, if a lessee of a Lot is a corporation, the approval of such lease may be conditioned by requiring that all persons occupying the Lot be approved individually by the Association.

A reasonable fee set by the Board of Directors in the initial amount of Thirty-Five and No/100 Dollars (\$35.0), and as changed by the Board in its discretion from time to time, may be charged to the Owner for the purpose of defraying the cost of investigation and the costs associated with granting approval, changing books and records and other matters associated with the transfer. The time limits for approval and/or disapproval by the Association shall not commence until any such fee is paid in full.

(d) Certificate of Approval. Such approval or disapproval shall be in writing, and transmitted to the Owner within the aforementioned time period, and any failure to do so shall constitute an approval of the lease. If approved, the approval shall be stated in a certificate executed by the President or Vice President of the Association, which shall be attached to the lease.

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15.2.1. General. No Owner may dispose of a Lot or any interest in a Lot by lease without written approval of the Association. Additionally, no Residence shall be offered for lease on any short term (less than three (3) months) vacation, seasonal, interim, or transient basis. Any violation of this provision shall result in an immediate eviction of the unauthorized tenant, and the Owner shall be responsible for any and all costs incurred in effecting such eviction, which costs shall include reasonable attorney's fees and court costs.

15.2.2. Approval by Association.

(a) Notice. An Owner intending to make a bona fide lease of his Residence or any interest therein, shall give to the Association written notice of such intention, together with the name and address of the proposed lessee and the proposed lease document, as well as any other information concerning the intended lessee as the Association may reasonably require.

(b) Failure to Give Notice. If the above required notice to the Association is not given, then any leasehold interest granted by the Owner shall be void from its inception, and upon receiving knowledge of the lease transaction, the Association, at its election and without notice, may approve or disapprove the transaction. If the Association disapproves the transaction, the Association shall proceed as if it had received the required notice on the date of such disapproval.

(c) Application Form. The Association is vested with the authority to prescribe an application form which may require specific personal, financial, social and other data relating to the intended lessee in order to enable the Association to responsibly investigate the intended lessee within the time limits extended to the Association for that purpose. The application shall be completed and submitted as an integral part of the notice required herein. Inasmuch as Residences may be used only for residential purposes and a corporation may not occupy a Lot for such use, if a lessee of a Lot is a corporation, the approval of such lease may be conditioned by requiring that all persons occupying the Lot be approved individually by the Association.

A reasonable fee set by the Board of Directors in the initial amount of Thirty-Five and No/100 Dollars (\$35.0), and as changed by the Board in its discretion from time to time, may be charged to the Owner for the purpose of defraying the cost of investigation and the costs associated with granting approval, changing books and records and other matters associated with the transfer. The time limits for approval and/or disapproval by the Association shall not commence until any such fee is paid in full.

(d) Certificate of Approval. Such approval or disapproval shall be in writing, and transmitted to the Owner within the aforementioned time period, and any failure to do so shall constitute an approval of the lease. If approved, the approval shall be stated in a certificate executed by the President or Vice President of the Association, which shall be attached to the lease.

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**15.2.3. Exceptions.** The foregoing provisions of this Article shall not apply to a lease by an Institutional Mortgagee that acquires its title as the result of owning a mortgage upon the Lot concerned, and this shall be so, whether the title is acquired by deed from the mortgagor, his successors or assigns, or through foreclosure; nor shall such provisions apply to lease by an Institutional Mortgagee that so acquires its title.

**15.2.4. Lease Void.** Any lease of a Lot not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Association.

**15.3. Commercial Activity.**

No business, commercial, industrial, trade, professional or other non-residential activity or use of any nature, type, kind or description shall be conducted upon or from Residential Property or within any Improvements located or constructed thereon. Leasing and rental activities of Residential Property in the Villages of Southport shall not be considered commercial activities.

**15.4. Offensive Activity.**

No illegal, noxious, unpleasant, unsightly or offensive activity shall be carried on or conducted upon or from Residential Property nor shall anything be done thereon which may be or tend to become or cause an unreasonable annoyance or nuisance, whether public or private, to residents in the immediate vicinity or to the Villages of Southport community in general or which may be or tend to become an interference with the comfortable and quiet use, occupation or enjoyment of any other Residential Property, or any Common Property.

**15.5. Animals and Pets.**

No snakes, reptiles, livestock, poultry, pot-belly pigs or animals of any kind nature or description shall be kept, bred or raised upon Residential Property, except for dogs, cats, birds or other usual and customary household pets which may be kept, raised and maintained upon Residential Property, provided that the same are not kept, raised, or maintained thereon for business or commercial purposes or in number deemed unreasonable by the Board of Directors of the Association, in the exercise of their reasonable discretion. No customary household pet shall be permitted to roam on the Subject Property unrestrained and each such pet must be kept on a leash, the owner thereof being responsible for the cleanup of any waste matter deposited by such pet when walking the pet about the Subject Property.

**15.6. Commercial and Recreational Vehicles.**

No truck, bus, trailer or other "commercial vehicle" (as that term is hereinafter defined) and no mobile home, motor home, house trailer, jet ski, jet ski trailer, camper, van, boat, boat trailer, horse trailer or other recreational vehicle, or the like shall be permitted to be parked or stored on Residential Property; nor shall any such commercial or recreational vehicle or the like

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be permitted to be parked or stored on any street in front of or adjacent to Residential Property. Notwithstanding the foregoing, however, it is expressly provided that recreational and commercial vehicles shall be permitted to be parked on, in front of, or adjacent to Residential Property on which bona fide ongoing construction activity is taking place or at such locations which are specifically designated for such use; nor shall the foregoing provisions of this subparagraph (a) apply to parking on "a temporary or short term basis" (as that term is hereinafter defined).

15.6.1. No passenger automobile, commercial, recreational or other motorized vehicle, or the like, shall be dismantled, serviced, rebuilt, repaired, or repainted on Residential Property. Notwithstanding the foregoing provisions of this subparagraph (b), however, it is expressly provided that the foregoing restriction shall not be deemed to prevent or prohibit those activities normally associated with and incident to the day-to-day washing, waxing and polishing of such vehicles.

15.6.2. In the context of this Section 15.6, parking on "a temporary or short-term basis" shall mean and be defined as parking, on a non-recurring basis and for a single period not exceeding twenty-four (24) hours in duration, of commercial or recreational vehicles belonging to guests of Owners, commercial vehicles used in connection with the furnishing of services and/or the routine pick-up and delivery respectively, of materials from and to Residential Property (including those commercial vehicles used in connection with and bona fide current ongoing construction of Improvements on Residential Property) and commercial or recreational vehicles belonging to or being used by owners or their families, guests and invitees for loading and unloading purposes only.

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15.6.3. In the context of this Section 15.6 the term "commercial vehicle" shall mean and be defined as a truck, motor home, bus or van of greater than three-quarter (3/4) ton capacity and any vehicle, with a sign displayed on any part thereof advertising any kind of business or on or within which any commercial materials and/or tools are visible. It shall not mean or include any vehicle with a handicapped license plate or decal duly issued by any governmental agency.

15.6.4. The Association shall be entitled and is hereby empowered to adopt additional reasonable rules and regulations governing the admission to and parking, use and storage of commercial and recreational vehicles within the Villages of Southport, and if so adopted the same shall be binding upon all Residential Property and all Owners and their guests and invitees.

15.6.5. Any commercial, recreational, or other vehicle parked or stored in violation of these restrictions or in violation of any rules and regulations adopted by the Association concerning the same may be towed away or otherwise removed by or at the request of the Association and at the sole expense of the owner of such commercial, recreational or other vehicle in violation of these restrictions or such rules and regulations. In the event of such towing or other removal, the Association and its employees or agents shall not be liable or

responsible to the owner of such vehicle for trespass, conversion, or damage incurred as an incident to or for the cost of such removal or otherwise; nor shall the Association, its employees or agents be guilty of any criminal act or have any civil liability by reason of such towing or removal, and neither its towing or removal nor the failure of the owner of the towed or removed vehicle to receive any notice of the violation of the provisions of this Section 15.6 shall be grounds for relief of any kind.

15.7. Off-Street Motor Vehicles.

No motorized vehicles including, without limitation, two (2) and three (3) wheel all terrain vehicles or "dirt bikes" may be operated off of paved roadways and drives within the Subject Property. Without limiting the Association's right to collect and assess fines in other instances, it is specifically acknowledged that, Owners may be fined for each violation of this provision by themselves, their families, guests, tenants and invitees. Violations will result in automatic fines of \$25.00 for the first offense, \$50.00 for the second offense and \$100.00 for each subsequent offense.

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15.8. Maintenance.

Each parcel of the Subject Property and all Improvements, including landscaping, located thereon shall at all times be kept and maintained in a safe, clean, wholesome and attractive condition and shall not be allowed to deteriorate, fall into disrepair or become unsafe or unsightly. In particular, no weeds, underbrush or other unsightly growth and no trash, rubbish, refuse, debris or unsightly objects of any kind shall be permitted or allowed to accumulate on Residential Property. Enforcement of the provisions of this Section shall be in accordance with the provisions of Section 15.21 of this Declaration and such other provisions of this Declaration as shall be applicable to its enforcement generally.

15.9. Reconstruction of Damaged Improvements.

In the event that a Residence or other Improvements on Residential Property shall be damaged or destroyed by casualty, hazard or other cause, including fire or windstorm, then, within a reasonable period, not exceeding sixty (60) days following the occurrence of the offending incident, the Owner of the affected Lot shall cause the damaged or destroyed Improvements to be repaired, rebuilt or reconstructed or to be removed and cleared from such Residential Property. Any such repair, rebuilding or reconstruction shall be approved and accomplished as otherwise required pursuant to the provisions of this Declaration. Enforcement of the provisions of this Section shall be in accordance with the provisions of Section 15.21 of this Declaration and such other provisions of this Declaration as shall be applicable to its enforcement generally.



15.10. Garbage and Garbage Containers.

All garbage and trash containers and their storage areas and the like shall be located at the rear of the Residence, or if in the side yard shall be screened as necessary so as not to be visible from the street, and otherwise in conformity with the applicable provisions of the Design Standards Manual. In no event shall any of the same be visible from any adjacent or neighboring property, whether Residential Property, or Common Property, including any of the streets or roads except when placed out on day of trash removal. Further, all garbage and trash containers and their storage areas shall be designed and maintained so as to prevent animals from gaining access thereto.

15.11. Burning.

No burning of leaves, trash, rubbish, garbage or other waste materials of any type shall be permitted or conducted on the Subject Property. Nothing herein contained, however, shall be deemed to prohibit the burning of wood, logs or charcoal in properly constructed or installed fireplaces, barbecue cookers or the like, whether inside or outside of any building or other structure located on the Subject Property.

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15.12. Storage Tanks.

No storage tanks, including but not limited to, those for water, oil, propane gas, or other liquid, fuels or chemicals, including those used for swimming pools or the like, shall be permitted outside of a building on Residential Property unless the same shall be underground or placed inside of walls, fences, landscaping screens or similar type enclosures in conformity with the applicable provisions of the Design Standards Manual. In no event shall any of the same be visible from any adjacent or neighboring property, whether Residential Property, or Common Property, including the streets and roads.

15.13. Laundry & Clothes Drying.

No laundry or clothes drying lines or areas shall be permitted outside of any building on the Subject Property.

15.14. Radio Transmission Equipment.

No radio, microwave or other electronic transmission equipment, including ham radios, citizens bank radios, walkie talkies and the like, shall be operated on the Subject Property without the prior written consent of the Association, and such consent, once given, may be revoked by the Association in the event that the operation of any such equipment interferes with ordinary radio and television reception or equipment, including any Villages of Southport CATV or security systems.

15.15. Signs.

No sign, billboard or advertising of any kind shall be displayed to public view on Residential Property without the prior written consent of the Architectural Review Board, provided, an Owner may erect one "for Sale" sign which shall be approved by the Architectural Review Board, and shall not exceed two (2) square feet in size.

15.16. Trees.

No trees shall be removed from any Lot without the prior written consent of the Architectural Review Board.

15.17. Games, Play and Pet Structures.

All play structures (except basketball backboards) shall be located at the rear of the dwelling, or on the inside portion of corner lots within the setback lines. No platform, doghouse, playhouse or structure of a similar kind or nature (except basketball backboards) shall be constructed on any part of a Lot located in front of the rear line of the residence constructed on the Lot, nor shall any such structure exceed the height approved by the Architectural Review Board. Such structure must have prior approval of the Architectural Review Board. No basketball backboards may be installed adjacent to, or within ten (10) feet of, the street or on any cul-de-sac.

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15.18. Drainage.

All storm water from any Lot shall drain into or onto contiguous or adjacent street rights-of-way, drainage easements, retention areas, or Common Property in accordance with any plan approved by the City or the County. Storm water from any Lot shall not be permitted or allowed to drain or flow unnaturally onto, over, under, across or upon any contiguous or adjacent parcel of the Subject Property unless a drainage easement shall exist therefor. No owner shall be permitted to alter the grade of or original drainage plan for any Lot or change the direction of, obstruct or retard the flow of surface water drainage, nor shall any Owner alter or remove any drainage or environmental berm or swale or divert any storm water drainage over, under, through or around any such berm or swale.

15.19. Rules and Regulations.

In addition to the foregoing restrictions on the use of Residential Property, the Association shall have the right, power and authority to promulgate and impose reasonable rules and regulations governing and/or restricting the use of Residential Property and to thereafter change, modify, alter, amend, rescind and augment any of the same; provided, however, that no rules or regulations so promulgated shall be in conflict with the provisions of this Declaration. Any such rules and regulations so promulgated by the Association shall be applicable to and

binding upon all Residential Property and the Owners thereof and their successors and assigns, as well as all guests or invitees of and all parties claiming by, through or under such Owners.

15.20. Additional Use Restrictions.

The Board of Directors of the Association may adopt such additional use restrictions, rules or regulations, applicable to all or any portion of the Subject Property and to waive or modify application of the foregoing use restrictions with respect to any Lot(s) the Board, in its sole discretion, deems appropriate.

15.21. Enforcement.

In the event of a violation of or failure to comply with the foregoing requirements of this section and the failure of the Owner of the affected Lot or Residence, within fourteen (14) days following written notice by the Association of such violation or non-compliance and the nature thereof, to cure or remedy such violation, then the Association or its duly appointed employees, agents or contractors, shall have and are specifically granted the right and privilege of and an easement and license to enter upon the affected Lot or Residence or any portion or portions thereof or Improvements thereon, without being guilty of any trespass therefor, for the purpose of undertaking such acts or actions as may be reasonably necessary to cure or eliminate such violation, all at the sole cost and expense of the Owner of the affected Lot or Residence. Such costs and expenses, together with an overhead expense to the Association of fifteen percent (15%) of the total amount thereof shall be assessed by the Association to the affected Lot or Residence and the Owner thereof as an Individual Lot Assessment which shall be payable by the Owner of the affected Lot or Residence to the Association within ten (10) days after written notice of the amount thereof. Any such Individual Lot Assessment not paid within said ten (10) day period shall become a lien on the affected Lot or Residence in accordance with the provisions of Section 11.4 of this Declaration.

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15.22. Precedence Over Less Stringent Governmental Regulations.

In those instances where the covenants, conditions and restrictions set forth in this Article XV set or establish minimum standards or limitations or restrictions on use in excess of Governmental Regulations, the covenants, conditions and restrictions set forth in this Article XV shall take precedence and prevail over less stringent Governmental Regulations.

**ARTICLE XVI**

**DEVELOPER'S OPTION TO REPURCHASE**

16.1. Option to Repurchase.

The Villages of Southport Development was acquired by the City, and conveyed to the Developer to redevelop and renovate the dwellings, in part for the purpose of making quality

single family living units available to residents of the City at an affordable price. Further, both the City and the Developer desire to establish the Villages of Southport as a stable, thriving, family-oriented community, and both consider that the purchase of the Lots and Residences by investors with the intent to resell same at some early time for a profit would be likely to interfere with the accomplishment of the goals and objectives of the City and the Developer. Therefore, each Lot in the Villages of Southport purchased from the Developer shall be subject to an option and right of the Developer to repurchase said Lot from the Owner to whom the Developer conveyed the Lot, upon the terms and conditions stated herein (the "Option to Repurchase"), which Option to Repurchase may be exercised by Developer only in the event that said original Owner shall desire to resell his Lot during the Option Period as defined herein.

16.2. Term of Option to Repurchase.

The term of the Option to Repurchase reserved and granted to the Developer herein (the "Option Period") shall run for a period of two (2) years from the date of the recording of a deed from the Developer to a purchaser (i.e., an Owner) in the Public Records of the County, and shall terminate and be of no further force and effect at the end of that two (2) year Option Period, without the necessity of recording any other document to reflect or establish such termination.

16.3. Purchase Price for Option to Repurchase.

If Developer shall determine in its sole and absolute discretion to exercise its right and Option to Repurchase a Lot from an Owner, in accordance with the terms and conditions hereof, the repurchase price to be paid by Developer to the Owner desiring to sell his Lot shall be a sum equal to the purchase price paid by said Owner to the Developer when he purchased the Lot from the Developer (the "Repurchase Price").

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16.4. Procedures for Sale of Lot During Option Period.

Any Owner who acquired his Lot from the Developer, and thus is subject to the Option to Repurchase, who shall desire to sell his Lot during the Option Period, shall be required to comply with the following procedures:

16.4.1. Upon receipt of a written offer to purchase the Lot (an "Offer to Purchase"), the Owner shall furnish a true and correct copy of such Offer to Purchase to the Developer. The Offer to Purchase must be in writing and must include all terms and conditions of the proposed sale and purchase, including without limitation the name of the purchaser and the purchase price.

16.4.2. The Developer shall have a period of fifteen (15) days from receipt of the Offer to Purchase in which to make its determination, in Developer's sole and absolute discretion, as to whether it shall exercise the Option to Repurchase. Developer shall furnish written notice to the Owner if it shall determine to exercise the Option to Repurchase, which shall be delivered to the Owner at the address of the Residence located on the Lot, or at such



other address as the Owner may specify in writing. The notice of exercise of the Option to Repurchase shall be timely and sufficient if placed in the U.S. Mail, Certified Mail, within the aforesaid fifteen (15) day period. Failure to furnish the notice of exercise in a timely manner shall be deemed an election by the Developer not to exercise the Option to Repurchase.

16.4.3. If Developer shall exercise the Option to Repurchase, the closing shall take place within thirty (30) days thereafter at a time and place located in Orange County, Florida and mutually agreeable to the Developer and Owner. Provided, if Developer and Owner cannot agree, Developer shall have the right to specify the time and place for the closing, in Orange County, Florida. At closing, Developer shall pay the Repurchase Price specified herein to the Owner in cash, and the Owner shall convey the Lot to Developer by Special Warranty Deed, subject only to those matters which existed when Developer conveyed to the Owner, and shall deliver possession of the Lot to Developer. Developer shall have the right to enforce the terms of said Option to Repurchase by an action for specific performance, and if such action is necessary shall be entitled to recover all costs and expenses incurred by Developer, including reasonable attorneys' fees, in bringing such action.

16.4.4. If Developer shall fail to exercise its Option to Repurchase in a timely manner, Owner shall have the right to sell the Lot only upon the terms and conditions of the Offer to Purchase which had been furnished to the Developer. At the closing, the Developer shall deliver to the Owner a certificate in recordable form to establish that the Option to Repurchase has been terminated as to that Lot. Any attempt to sell and convey the Lot to any person, or upon terms and conditions other than the Offer to Purchase which had been furnished to Developer by Owner, shall be and remain subject to the Option to Repurchase, which may be exercised at any time by Developer against the Owner, and any successors or assigns of the Owner.

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## ARTICLE XVII

### INSURANCE AND RECONSTRUCTION

#### 17.1. Damage to Common Property.

In the event that any portion of the Common Property is damaged or destroyed by casualty, it shall be repaired or restored by the Association to substantially its condition prior to the damage or destruction. Repair or reconstruction of the Common Property shall be substantially in accordance with the plans and specification pursuant to which the same was originally constructed. All insurance proceeds shall be applied to the restoration and repair. If the insurance proceeds are insufficient, the deficit shall be assessed against all Owners as a Special Assessment. If there is a surplus of insurance proceeds, it shall become the property of the Association.



17.2. Damage to the Lots.

In the event of damage or destruction to any portion of the Improvements on a Lot, the Improvements shall be repaired or restored. In the event that the damage or destruction renders the Improvements uninhabitable or the damage is so substantial that the Owner determines not to rebuild the Improvements on the Lot, the Owner shall clear the debris and have the Lot leveled, within sixty (60) days from the date of destruction or damage.

17.3. Damage to Common Property Due to Owner Negligence.

In the event that the Common Property is damaged as a result of the willful or negligent acts of an Owner, his family, guests, invitees or tenants such damage shall be repaired by the Association and the cost thereof shall be an Individual Lot Assessment against such Owner and his Lot as described in Article XI, Section 11.10. Individual Lot Assessments.

17.4. Required Insurance.

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17.4.1. By Association. The policy of property insurance shall cover all of the Common Property (except land, foundation, excavation and other items normally excluded from coverage, but including fixtures and building service equipment) to the extent that they are part of the common personal property and supplies. The policy shall afford, as a minimum, protection against the following:

17.4.1.1. Loss or damage by fire and other perils normally covered by the standard extended coverage endorsement;

17.4.1.2. All other perils which are customarily covered with respect to projects similar in construction, location and use, including flood insurance, if applicable, and all perils normally covered by the standard "all risk" endorsement, where such is available. If flood insurance is required, it must be in an amount of one hundred percent (100%) of current replacement cost of the improvement or the maximum coverage under the National Flood Insurance Program.

17.4.1.3. Losses covered by general liability insurance coverage covering all Common Property in the amount of at least one million dollars (\$1,000,000.00) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of Common Property and any legal liability that may result from lawsuits related to employment contracts in which the Association is a party.

17.4.1.4. The hazard policy shall be in an amount equal to one hundred percent (100%) of the current replacement cost of the insured properties exclusive of land, foundation, excavation and items normally excluded from coverage. The policy shall provide

that it may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association. The Board may obtain such additional insurance as in its sole discretion it deems reasonable, convenient or necessary.

**17.4.2. By Owner.** The Owner shall maintain in full force and effect a policy of property insurance which shall cover all of the Improvements on the Lot (except land, foundation, excavation and other items normally excluded from coverage). The policy shall afford, as a minimum, protection against the following:

**17.4.2.1.** Loss or damage by fire and other perils normally covered by the standard extended coverage endorsement.

**17.4.2.2.** All other perils which are customarily covered with respect to projects similar in construction, location and use, including flood insurance, if applicable, and all perils normally covered by the standard "all risk" endorsement, where such is available. If flood insurance is required, it must be in an amount of one hundred percent (100%) of current replacement cost of the improvement or the maximum coverage under the National Flood Insurance Program.

**17.4.2.3.** Losses covered by general liability insurance coverage covering the property in the amount of at least one hundred thousand dollars (\$100,000.000) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the occupation and use of the Lot.

**17.4.2.4.** The hazard policy shall be in an amount equal to one hundred percent (100%) of the current replacement cost of the insured properties exclusive of land, foundation, excavation and items normally excluded from coverage. The policy shall provide that it may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association. **The Association may obtain such** insurance for the Owner should he fail to do so, in which event the cost thereof shall be assessed against the Owner as an Individual Lot Assessment.

## ARTICLE XVIII

### PARTY WALLS

#### 18.1. General Rules of Law to Apply.

Each wall which is built as a part of the original construction of a Residence upon the Subject Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law

regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

18.2. Sharing of Repair and Maintenance.

The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

18.3. Destruction by Fire or Other Casualty.

If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

18.4. Weatherproofing.

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

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18.5. Right to Contribution Runs With Land.

The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

**ARTICLE XIX**

**AMENDMENT**

19.1. Amendment by Association.

Subject to the provisions Section 19.4 of this Declaration, the terms and provisions of and the covenants, conditions, restrictions, easements and reservations set forth in this Declaration may be changed, amended, or modified at any time and from time to time by the Association upon the affirmative written consent or the vote of not less than two-thirds (2/3) of the Owners and Members of the Association, other than those provisions of the Declaration, Articles and Bylaws for which a greater percentage of the total voting power is required for amendment.

19.2. Manifestation of Requisite Consent.

In the case of any change, amendment or modification of this Declaration by the Association which requires the affirmative written consent or vote of members of the

Association as hereinabove provided in Section 19.1, the acquisition of the requisite written consent or vote of members shall be manifested on the face of the amending instrument in a certificate duly executed and sworn to before a Notary Public by the President and Secretary of the Association affirmatively stating that such requisite affirmative written consent or vote has, in fact, been acquired or obtained prior to the recordation of such amending instrument among the Public Records of the County. Such certificate shall be and constitute conclusive evidence of the satisfaction of the provisions of Section 19.1 of this Declaration with respect to the change, amendment or modification of this Declaration effected by the amending instrument of which such certificate is made a part.

19.3. Effectiveness of Amendments.

All changes, amendments or modifications of this Declaration shall be manifested in a written amending instrument duly executed by the Association, as may from time to time be required pursuant to the provisions of this Article XIX, and shall be duly recorded among the Public Records of the County. Such change, amendment or modification of this Declaration shall be effective as of the date of such recordation or such later date as may be specified in the amending instrument itself.

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19.4. Limitations on Amendments.

Notwithstanding anything to the contrary set forth in this Declaration, the rights of the Association to change, amend or modify the terms and provisions of and the covenants, conditions, restrictions, easements and reservations set forth in this Declaration shall at all times be subject to and limited and restricted as follows, to wit:

19.4.1. To the extent that particular rights or interests are expressly conferred upon or granted to the City pursuant to this Declaration, the particular terms and provisions of this Declaration pursuant to which any such rights and interests are conferred upon and granted to the City shall not be changed, amended, modified or deleted without the prior written consent and joinder of the City.

19.4.2. To the extent that any term or provision of this Declaration may be included herein in satisfaction of the conditions to approval of the Development Plan as such conditions to approval may, from time to time, be changed, amended or modified by the City pursuant to appropriate law or, by action of the Board of City Commissioners, such terms or provisions of this Declaration shall not be changed, amended, or modified or otherwise deleted or eliminated from this Declaration without the prior written consent and joinder of the City.

19.4.3. This Declaration may not be changed, amended or modified in such manner as to terminate or eliminate any easements granted or reserved herein to the Developer, the Association or to the City, respectively, without the prior written approval of the Developer, the Association or the City, as the case may be, and any attempt to do so shall be void and of no force and effect.



19.4.4. This Declaration may not be changed, amended or modified in any fashion which will result in or facilitate the dissolution of the Association or the abandonment or termination of the obligation of the Association to maintain the Common Property, and/or the obligation of the Association to establish, make, levy, enforce and collect Assessments for such purposes.

19.4.5. This Declaration may not be changed, amended or modified in such fashion as to change, amend, modify, eliminate or delete the provisions of this Section 19.4 of this Declaration without the prior written consent and joinder of the Developer, in any case, and to the extent of any proposed change, amendment or modification which shall affect the rights of the City, the same shall require the written consent and joinder of the City.

19.4.6. This Declaration may not be amended in such a manner to adversely affect the rights of Institutional Lenders who have mortgages on some or all of the Lots without the consent of the Institutional Lender.

19.4.7. For so long as there is a Class B Membership in the Association, any amendment shall be subject to the requirements of Section 22.12 hereof.

19.5. Specific Provisions.

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19.5.1. Membership and Voting Rights. No amendment may change the membership and voting rights of the Owners as set forth in Article X of this Declaration, and in Articles VII and VIII of the Articles of Incorporation of the Association, and in Section 3 of the Bylaws of the Association.

19.5.2. Amendment of Capital Fund. Any amendment to the provisions hereof which relate to the manner of administration and management of the Capital Fund, as set forth in Subsections 9.3.4 and 9.4 of this Declaration, specifically including the Investment Policy Statement adopted by the Board and set out in its entirety in Subsection 9.4.6, must be approved by a seventy-five percent (75%) majority of the entire Board of Directors of the Association.

## ARTICLE XX

### DURATION

The terms and provisions of and covenants, restrictions and reservations set forth in this Declaration shall continue and run with the title to the Subject Property, and be binding upon the Developer and the Association and upon each Owner and all Owners from time to time of any portion of the Subject Property and their respective successors and assigns and all other persons, parties or legal entities having or claiming any right, title or interest in the Subject Property, by, through or under any of them, for a period of sixty (60) years from the date this Declaration is recorded among the Public Records of the County, after which time this Declaration and the covenants, conditions, restrictions and reservations set forth herein, as the same shall have been

changed, amended or modified from time to time, shall be automatically extended for successive periods of ten (10) years unless an instrument of termination executed by the affirmative written consent or the vote of not less than ninety-five percent (95%) of the total voting power of the Members of the Association (certified as provided in Section 19.2 of this Declaration), shall be recorded among the Public Records of the County at least one (1) year prior to the end of the initial term or any subsequent extension term of this Declaration. Each of the easements herein declared to be created, granted or reserved shall continue to run with the land and be binding upon the Developer and the Association and upon each Owner and all Owners from time to time of any portion of the Subject Property and their respective successors and assigns and all persons, parties and legal entities claiming by, through or under any of them in perpetuity, unless any such easement shall have been changed, amended, modified, released or terminated by the execution and recordation among the Public Records of the County of a written instrument or Court order, as the case may be, which, in either case, is otherwise legally sufficient in all respects to effect any such change, amendment, modification, release or termination of any such easement.

## ARTICLE XXI

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### ENFORCEMENT

#### 21.1. Parties Entitled to Enforce.

Subject to the provisions of Section 21.2 of this Declaration, the terms, provisions, covenants, conditions, restrictions, easements and reservations set forth in this Declaration, as changed, amended or modified from time to time, shall be enforceable by the Developer, the Association and any Owner. Additionally, to the extent that particular rights or interests are expressly conferred upon or granted to the City pursuant to this Declaration, the particular terms and provisions of this Declaration conferring or granting such rights or interests to the City shall also be enforceable by the City. Those so entitled to enforce the provisions of this Declaration shall have the right to bring proceedings at law or in equity against the party or parties violating or attempting to violate any of said covenants, conditions, restrictions, easements or reservations or against the party or parties defaulting or attempting to default in his, its or their obligations hereunder in order to (a) enjoin any such violation or attempted violation or any such default or attempted default, (b) cause any such violation or attempted violation or default or attempted default to be cured, remedied or corrected, (c) recover damages resulting from or occasioned by or on account of any such violation or attempted violation or default or attempted default and (d) recover all costs and expenses, including reasonable attorneys' fees, incurred in connection with the enforcement of this Declaration.

#### 21.2. Limitations on Enforcement Rights.

Notwithstanding the foregoing provisions of Section 21.1 of this Declaration, the right to enforce the provisions of this Declaration shall be subject to and limited by the following provisions, to wit:

21.2.1. Only the Association shall have the right to collect Assessments and enforce Assessment liens.

21.2.2. Only the Association shall have the right to enforce the provisions of Article XIII of this Declaration with respect to Architectural and Landscape Control. It is expressly provided, however, that if the Association fails, refuses or is unable to commence enforcement of such provisions within thirty (30) days following written demand to do so from any Owner, any owner who makes such demand and who otherwise has standing to do so, shall have the right to enforce the provisions of said Article XIII; provided, however, that such right of enforcement shall not include the right to seek judicial review of discretionary decisions made either by the Association or the Architectural Review Board where the discretion to make such decision is expressly conferred pursuant to this Declaration.

21.2.3. To the extent that specific rights, interests or reservations are conferred upon or granted or reserved to specific parties pursuant to this Declaration only those parties upon or to whom or which such rights, interests or reservations are conferred, granted or reserved shall have the right to enforce the provisions of this Declaration relating to such rights, interests or reservations.

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21.3. Attorneys' Fees.

In the event that legal or equitable proceedings are instituted or brought to enforce any of the provisions set forth in this Declaration, as changed, amended and modified from time to time, or to enjoin any violation or attempted violation or default or attempted default of the same, the prevailing party in such proceeding shall be entitled to recover from the losing party such reasonable attorneys' fees and court costs as may be awarded by the Court rendering judgment in such proceedings.

21.4. No Waiver.

Failure by the Association, any Owner or the City (only to the extent any right of enforcement is otherwise granted to or conferred upon the City pursuant to this Declaration), to enforce any term, provision, covenant, condition, restriction, easement or reservation herein contained in any particular instance or on any particular occasion shall not be deemed a waiver of the right to do so upon any subsequent violation or attempted violation or default or attempted default of the same or any other term, provision, covenant, condition, restriction, easement or reservation contained herein.

21.5. Nuisance.

The result of every act or omission, where any term or provision of, or covenant, condition, restriction, easement, or reservation set forth in, this Declaration is violated, breached or in default in whole or in part, is hereby declared to be and constitute a nuisance, and every

remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result, and may be exercised by the Association or any Owner.

21.6. Cumulative Rights and Remedies.

In connection with the enforcement of this Declaration, all rights, remedies of the Association, the Owners and the City, to the extent provided herein, shall be cumulative, and no single right or remedy shall be exclusive of any other, and the Association, the Owners and the City, to the extent specifically provided in this Declaration, shall have the right to pursue any one or all of such rights or remedies or any other remedy or relief which may be provided by law, whether or not expressly stated in this Declaration or otherwise.

21.7. Effect of Invalidation.

If in the course of an attempt to enforce this Declaration, any particular provision of this Declaration is held to be invalid by any court, the invalidity of such provision shall not affect the validity of the remaining provisions hereof.

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21.8. Exculpation.

The Developer, the Association, the Architectural Review Board, and the individual members, officers, directors, employees or agents of any of them, shall not jointly or severally, be liable or accountable in damages or otherwise to any Owner or other party affected by this Declaration; or to anyone submitting plans or other materials for any required consent or approval hereunder, by reason or on account of any decision, approval or disapproval required to be made, given or obtained pursuant to the provisions of this Declaration, or for any mistake in judgment, negligence or nonfeasance related to or in connection with any such decision, approval or disapproval. Each person who shall submit plans or other materials for consent or approval pursuant to this Declaration, by the submission thereof, and each Owner of any Lot, by acquiring title thereto or an interest therein, shall be deemed to have agreed that he or it shall not be entitled to bring and shall not bring any action, proceeding or suit against the Developer, the Association, the Architectural Review Board, or any individual member or members or officer or officers, director or directors, employee or employees or agent or agents of any of them for the purpose of recovering any such damages or other relief on account of any such decision, approval or disapproval.



## ARTICLE XXII

### MISCELLANEOUS PROVISIONS

#### 22.1. Constructive Notice and Acceptance.

Every person, corporation, partnership, limited partnership, trust, association or other legal entity, who or which shall hereafter have, claim, own or acquire any right, title, interest or estate in or to any portion of the Subject Property, whether or not such interest is reflected upon the Pubic Records of the County, shall be conclusively deemed to have consented and agreed to each and every term, provision, covenant, condition, restriction, easement and reservation contained or by reference incorporated in this Declaration (including those matters set forth in the Design Standards Manual), whether or not any reference to this Declaration is contained in the document or instrument pursuant to which such person, corporation, partnership, limited partnership, trust, association or other legal entity shall have acquired such right, title, interest or estate in the Subject Property or any portion thereof.

#### 22.2. Personal Covenants.

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To the extent that the acceptance or conveyance of a Lot creates a personal covenant between the Owner of such Lot and the Developer, the Association or any other Owner or Owners, such personal covenant shall terminate and be of no further force or effect from or after the date when a person or entity ceases to be an Owner, except to the extent that this Declaration may provide otherwise with respect to the personal obligation of such Owner for the payment of Assessments for which provision is expressly made in this Declaration.

#### 22.3. Governing Law.

This Declaration and the interpretation and enforcement of the same shall be governed by and construed in accordance with the laws of the State of Florida.

#### 22.4. Construction.

The provisions of this Declaration shall be liberally construed so as to effectuate and carry out the objects and purposes specified in Article II of this Declaration.

#### 22.5. Article and Section Headings.

Article and Section headings contained in the Declaration are for convenience and reference only and are not intended in any way to define, describe, extend or limit the intent, scope or content of the particular Articles or Sections in which they are contained or to which they refer and, accordingly, the same shall not be considered or referred to in resolving questions of interpretation or construction.

22.6. Singular Includes Plural, Etc.

Whenever the context of this Declaration requires the same, the singular shall include the plural and the plural the singular and the masculine shall include the feminine and the neuter.

22.7. Time of Essence.

Time is of the essence of this Declaration and in the performance of all covenants, conditions and restrictions set forth herein. Whenever a date or the expiration of any time period specified herein shall fall on a Saturday, Sunday or legal holiday, the date shall be extended to the next succeeding business day which is not a Saturday, Sunday or legal holiday.

22.8. Notice.

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Any notice required or permitted to be given pursuant to the provisions of this Declaration shall be in writing and may be delivered as follows:

22.8.1. Notice to an Owner shall be deemed to have been properly delivered when delivered to the Owner's Lot, whether said Owner personally receives said notice or not, or placed in the first class United States mail, postage prepaid, to the most recent address furnished by such Owner in writing to the Association for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's Lot. Any notice so deposited in the mail within the County shall be deemed delivered forty-eight (48) hours after such deposit. In the case of co-owners any such notice may be delivered or sent to any one of the co-owners on behalf of all co-owners and shall be deemed to be and constitute delivery on all such co-owners.

22.8.2. Notice to the Association shall be deemed to have been properly delivered when placed in the first class United States mail, postage prepaid, to the address furnished by the Association or to the address of its principal place of business.

22.8.3. Notice to the Developer shall be deemed to have been properly delivered when placed in the first class United States mail, postage prepaid, to the address furnished by the Developer to the Association or the address of its principal place of business.

22.8.4. The affidavit of an officer or authorized agent of the Association declaring under penalty of perjury that a notice has been mailed to any owner or Owners to the address or addresses shown on the records of the Association, shall be deemed conclusive proof of such mailing, whether or not such notices are actually received.

22.9. Development and Construction by Developer.

Nothing set forth in this Declaration shall be deemed, either expressly or impliedly, to limit the right of the Developer to change, alter or amend its Development Plan or plans for the

Subject Property, or to construct such improvements as the Developer deems advisable prior to the completion of the development of all of the Subject Property. Developer reserves the right to alter its development and construction plans and designs as it deems appropriate from time to time; subject, however, to all applicable Governmental Regulations, including, without limitation, those of the City.

22.10. Assignment of Developer's Rights and Interests.

The rights and interests of the Developer under this Declaration may be transferred and assigned by the Developer to any successor or successors to all or part of the Developer's interest in the Subject Property by an express transfer, conveyance or assignment incorporated into any recorded deed or other instrument, as the case may be, transferring, conveying or assigning such rights and interests to such successor.

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22.11. No Warranties.

This Declaration is made for the objects and purposes set forth in Article II of this Declaration and the Developer makes no warranties or representations, express or implied as to the binding effect or enforceability of all or any portion of the terms and provisions of or the covenants, conditions, restrictions, easements and reservations set forth in this Declaration, or as to the compliance of any of the same with public laws, ordinances and regulations applicable thereto.

22.12. HUD/VA Approval.

Anything herein to the contrary notwithstanding, for so long as there is a Class B Membership in the Association, annexation of additional properties, dedication or mortgaging of Common Property, and amendment of this Declaration shall require the prior approval of the U.S. Department of housing and Urban Development/Veteran's Administration ("HUD/VA")

IN WITNESS WHEREOF the Developer has caused this Declaration to be made and executed as of the day and year first above written.


Signed, sealed and delivered in the presence of:

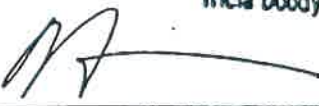
DEVELOPER:

VILLAGES OF SOUTHPORT, LTD., a Florida limited partnership

By: Villages of Southport, Inc. a Florida corporation as General Partner

  
Print Name: Tricia Doody

  
By: \_\_\_\_\_  
Name: Jay P. Brock, Vice President  
Title: \_\_\_\_\_

  
Print Name: W. SCOTT COOPER



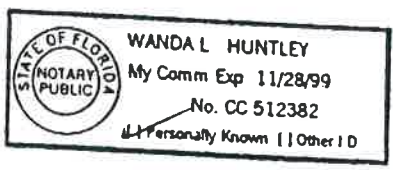
(CORPORATE SEAL)

OR Bk 5549 Pg 2177  
Orange Co FL 1998-0329832

STATE OF FLORIDA  
COUNTY OF ORANGE

The foregoing instrument was executed and acknowledged before me this 14<sup>th</sup> day of August, 1998, by Jay P. Brock as Vice President of Villages of Southport, Inc., a Florida corporation, on behalf of the corporation, acting as General Partner of Villages of Southport, Ltd. He/she is personally known to me or has produced \_\_\_\_\_ as identification and who did/did not take an oath.

Wanda L. Huntley  
Notary Public  
Printed Name of Notary \_\_\_\_\_  
Notary Public, State of Florida  
Commission No. \_\_\_\_\_  
My commission expires: \_\_\_\_\_





AMENDED AND RESTATED

BYLAWS

OF

SOUTHPORT HOMEOWNERS ASSOCIATION, INC.,

a Florida corporation not-for-profit

1. General.

1.1 Identity. These are the Bylaws of SOUTHPORT HOMEOWNERS ASSOCIATION, INC. (the "Association"), a corporation not-for-profit formed under the laws of the State of Florida. The Association has been organized for the purposes stated in the Amended and Restated Articles of Incorporation (the "Articles"), and the Declaration of Covenants, Conditions, Restrictions and Easements for The Villages of Southport (the "Declaration"). The Association shall have all of the powers provided in these Bylaws, the Articles, the Declaration (collectively, the "Governing Documents"), and any other statute or law of the State of Florida or any other power incident to any of the above powers.

1.2 Principal Office. The Principal office of the Association shall be at such place as the Board may determine from time to time.

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

1.4 Seal. The seal of the Association shall have inscribed upon it SOUTHPORT HOMEOWNERS ASSOCIATION, INC., the year of its incorporation and the words "Corporation Not-For-Profit". The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed or otherwise reproduced upon any instrument or document executed in the name of the Association.

1.5 Books and Records.

1.5.1 Official Records. The Association shall maintain each of the following items, when applicable, which constitute the official records of the Association:

(a) Copies of any plans, specifications, permits, and warranties related to improvements constructed on the Common Property or other property that the Association is obligated to maintain, repair, or replace.

(b) A copy of the Bylaws of the Association and of each amendment to the Bylaws.

(c) A copy of the Articles of Incorporation of the Association and of each amendment thereto.

(d) A copy of the Declaration of Covenants and a copy of each amendment thereto.

(e) A copy of the current Rules and Regulations of the Association.

(f) The minutes of all meetings of the Board of Directors and of the Members, which minutes must be retained for at least 7 years.

(g) A current roster of all members and their mailing addresses and parcel identifications.

(h) All of the Association's insurance policies or a copy thereof, which policies must be retained for at least 7 years.

(i) A current copy of all contracts to which the Association is a party, including, without limitation, any management agreement, lease, or other contract under which the Association has any obligation or responsibility. Bids received by the Association for work to be performed must also be considered official records and must be kept for a period of one (1) year.

(j) The financial and accounting records of the Association, kept according to good accounting practices. All financial and accounting records must be maintained for a period of at least seven (7) years. The financial and accounting records must include:

1. Accurate, itemized, and detailed records of all receipts and expenditures.
2. A current account and a periodic statement of the account for each Member, designating the name and current address of each Member who is obligated to pay Assessments, the due date and amount of each Assessment or other charge against the Member, the date and amount of each payment on the account, and the balance due.
3. All tax returns, financial statements, and financial reports of the Association.
4. The Investment Policy Statement, and all amendments thereto.

1.5.2 Inspection and Copying of Books and Records. The records of the Association shall be open to inspection and available for photocopying by any Member of the Association, upon request, during normal business hours or under other reasonable circumstances, within ten (10) business days after receipt of a written request for access. The Association shall be required to make available to prospective purchasers of any Lot, current

copies of the Governing Documents and the most recent annual financial statement of the Association.

1.5.3 Rules Concerning Official Records. The Association may adopt reasonable written rules governing the frequency, time, location, notice, and manner of inspections, and may impose fees to cover the costs of providing copies of the official records, including, without limitation, the costs of copying. The Association shall maintain an adequate number of copies of the recorded governing documents, to ensure their availability to Members and prospective Members, and may charge only its actual costs for reproducing and furnishing these documents to those persons who are entitled to receive them.

1.6 Definitions. Unless the context otherwise requires, all terms used in these Bylaws shall have the same meaning as are attributed to them in the Declaration and/or the Articles.

## 2. Membership in General.

2.1 Qualification. The qualification of Members, the manner of their admission to membership, changes in membership, and the termination of such membership, shall be as set forth in the Declaration and the Articles.

2.2 Member Register. The Secretary of the Association shall maintain a register in the office of the Association showing the names and addresses of the Members of the Association. Each Member shall at all times advise the Secretary of any change of address, of any change of ownership of the Member's Lot, and of any change in the number of Lots owned. The Association shall not be responsible for reflecting any changes in its records until notified of such change in writing.

## 3. Membership Voting.

3.1 Majority Vote. All acts or decisions that require a vote of the Members must be made by the concurrence or approval of a majority of the votes present in person or by proxy at a meeting at which a quorum is present, and/or by written consent, and all matters so approved shall be binding upon all Members for all purposes, except where otherwise provided by law or in the Governing Documents. Provided, in the event the Declaration or the Articles require a greater percentage for approval of particular items or matters, the greater requirement shall control and apply.

3.2 Determination of Voting Rights. The total number of Lots and Owners is governed by the Development Plan for The Villages of Southport. Members voting rights shall be determined as follows:

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

(a) Class "A". Class "A" Members shall be all Owners of Lots, with the exception of the Developer. Class "A" Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one person holds an interest in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class "B". The Class "B" Member shall be the Developer and any successor of the Developer. Upon the execution of the Declaration, the Class "B" Member shall be entitled to three (3) votes for each Lot owned by the Class "B" Member, or an aggregate of 1,959 votes based upon 653 permitted Lots pursuant to the Development Plan (which shall be adjusted at any time the Development Plan is amended to change the number of Lots). The Class "B" Membership shall terminate and become converted to Class "A" Membership at such time as the Members other than the Developer are entitled to elect a majority of the members of the Board of Directors, as provided in Fla. Stat. Sect. 617.307 (1997), and herein.

### 3.2.2 Transition of Control of Association.

(a) Members other than the Developer are entitled to elect at least a majority of the members of the Board of Directors of the Association when the earlier of the following events occurs

(i) Three months after seventy-five percent (75%) of the Lots in all phases of the community that will ultimately be operated by the Association have been conveyed to Members; or

(ii) On August 10, 2003; or

(iii) At such time as the Developer shall determine to convert the Class "B" membership to Class "A" by written notice to the Association.

(iv) For purposes of this section, the term "members other than the developer" shall not include builders, contractors, or others who purchase a parcel for the purpose of constructing improvements thereon for resale.

(v) The Developer is entitled to elect at least one member of the Board of Directors of the Association as long as the Developer holds for sale in the ordinary course of business at least 5 percent of the Lots in all phases of the Community. After the Developer relinquishes control of the Association, the Developer may exercise the right to vote any Developer-owned voting interests in the same manner as any other Member, except for purposes of reacquiring control of the Association or selecting the majority of the members of the Board of Directors.

Upon the happening of any one of these events, the Developer shall call a special meeting to elect a new Board of Directors for the Association, but in no event later than three (3) months after the happening of such event.



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

3.3 Proxies. Every Member entitled to vote at a meeting of the Members, or to express consent or dissent without a meeting, may authorize another person to act on the Member's behalf by a proxy signed by such Member. Any proxy shall be delivered to the Secretary of the Association or the person acting as Secretary at the meeting, at or prior to the time designated in the order of business for so delivering such proxies. No proxy shall be valid after the expiration of eleven (11) months from the date thereof, unless otherwise provided in the proxy. Every proxy shall be revocable at any time at the pleasure of the Member executing it.

3.4 Calculation of Votes. Any question concerning the number of votes which may be cast by a Member shall be decided by the Board.

#### 4. Membership Meetings.

4.1 Who May Attend. As to any Member, any person entitled to cast the vote(s) of the Member, and in the event any Lot is owned by more than one person, all co-owners of the Lot, may attend any meeting of the Members. However, the votes of any Member shall be cast in accordance with the provisions of Subsection 3.2.3 above. Any person not expressly authorized to attend a meeting of the Members, as set forth above, may be excluded from any meeting of the Members by the presiding officer of the meeting.

4.2 Place. All meetings of the Members shall be held at the principal office of the Association or at any other location as designated by the Board and stated in the notice of meeting.

4.3 Quorum Requirements. Except as set forth hereinafter or unless otherwise so provided, at any regular or special meeting of the Members, the presence in person or by proxy of Members entitled to cast thirty percent (30%) of the total voting interests of the entire membership at the time of such vote shall constitute a quorum. If any meeting of the Members cannot be conducted because a quorum is not present, a majority of the votes of the Members present, either in person or by proxy, may adjourn the meeting to a time not less than ten (10) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence in person or by proxy of Members holding at least fifteen percent (15%) of the total voting interests of the entire membership. Such an adjourned meeting may be held without notice thereof as provided in subsection 4.4, provided that notice is given by announcement at the meeting at which such adjournment is taken. If, however, such an adjourned meeting is actually attended, in person or by proxy, by Members

entitled to cast less than thirty percent (30%) of the total voting interests of the entire membership, notwithstanding the presence of a quorum, no matter may be voted upon except such matters for which notice of the general nature of which was given pursuant to subsection 4.4 and 4.7 hereof. If a meeting of Members is adjourned for more than thirty (30) days from the originally scheduled meeting date, or if the Members adjourn a meeting without specifying a date for holding the adjourned meeting, the quorum and notice requirements for the holding of such adjourned meeting shall then be the same as the notice and quorum requirements prescribed for special meetings.

4.4 Notices. Written notice stating the location, day and hour of any meeting and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each Member not less than five (5) nor more than sixty (60) days before the date of the meeting, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice of any meeting at which members of the Board are to be elected shall include the names of all those who are nominees at the time the notice is given to the Members. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the Member at the Member's address as it appears on the records of the Association, unless such Member shall have filed a written request with the Secretary of the Association stating that notices to him be mailed to some other address. All notices shall be dated and shall be mailed to the Members as soon after the date of the notice as is practical. The date of the notice shall be the date used for the purpose of determining Members entitled to notice of, or to vote at, any meeting of the Members of the Association, or in order to make a determination of the Members for any other purpose. The Board shall not be required to take into account any changes in membership occurring after that date but may, in their sole and absolute discretion, do so.

4.5 Organization. At each meeting of the Members, the President, or in his absence, the Vice President shall act as chairman of the meeting. The Secretary, or in his absence or inability to act, any person appointed by the chairman of the meeting shall act as Secretary of the meeting.

4.6 Minutes. The minutes of all meeting of the Members shall be kept in a book available for inspection by the Members or their authorized representatives, and the Members of the Board, at any reasonable time.

4.7 Actions Without a Meeting. Any action required or permitted to be taken at any annual or special meeting of the Members may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action to be taken, shall be signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. Within ten (10) days after obtaining such authorization by written consent, notice shall be given to those Members who have not consented in writing. The notice shall fairly summarize the material details of the authorized action.

5. Board of Directors.

5.1 Members of the Board of Directors.

5.1.1 The affairs of the Association shall be managed by the Board comprised of not less than three (3) nor more than nine (9) members. So long as the Developer shall hold the Class "B" membership in the Association, the number of members shall be determined and changed from time to time by the Board. In the absence of such action, there shall be three (3) members of the Board.

5.1.2 When the Class "B" membership of the Developer ceases and is converted to Class "A" membership, the number of members of the Board shall be increased to nine (9) members.

5.1.3 Notwithstanding the foregoing, in no event shall there ever be less than three (3) members of the Board, and the number of members of the Board shall always be an odd number.

5.1.4 Upon Transfer of Control. At such time as the Class B membership shall terminate and be converted to Class A membership, the number of directors shall be expanded (if necessary) to nine (9) people. Thereafter, the Members shall elect the directors for staggered terms of three (3) years each. To create the staggered terms at the initial election of directors after the Class "B" membership is converted to Class "A", nine (9) directors shall be elected, of which three (3) positions shall be designated to expire in one (1) year; three (3) positions shall be designated to expire at the end of the second year; and three (3) positions shall be designated to expire at the end of the third year. All successor directors shall serve for terms of three (3) years each. Of the nine (9) directors, ~~five (5)~~ of such directors shall each be elected from a single village, of which they are a resident, being one (1) director from each of the five (5) villages which comprise The Villages of Southport (a "Village Director"); the remaining four (4) directors shall be elected at large from the entire development comprising The Villages of Southport (a "Community Director"). In the event that the number of people comprising the Board of Directors is changed, such change in number shall be implemented in such a manner as to have as nearly equal in number of directors as possible whose terms expire in any given year.

5.2 Election of Members of the Board. The members of the Board shall be elected by the Members of the Association, which election shall be conducted in the following manner:

5.2.1 At the first election after the Class "B" membership shall be converted to Class "A" membership, the number of directors shall be increased to nine (9), including five (5) directors to be elected only by the village in which they reside (referred to herein as "Village Directors"), and four (4) directors to be elected at large from the entire community comprising The Villages of Southport (referred to herein as "Community Directors"). Prior to the meeting at which the directors are to be elected, the existing Board shall appoint a nominating committee composed of Members. The Board shall send a notice to all members advising of the impending election of members to the Board, the names and addresses of Members of the nominating Committee, and the date the committee will make decisions concerning nominations for election



to the Board, which date shall be no less than fifteen (15) days after the date of the notice. The notice shall describe in reasonable detail the manner in which the director positions are to be elected (i.e. one (1) Village Director from each of the five (5) villages comprising The Villages of Southport, and four (4) Community Directors to be elected by the entire community comprising The Villages of Southport). Members may then submit names in writing of proposed candidates for the Board to the nominating committee.

5.2.2 Thereafter, prior to each annual meeting of the Association, the existing Board shall appoint a nominating committee composed of Members. The Board shall send a notice to all members advising of the impending election of members to the Board, the names and addresses of Members of the nominating committee, and the date the committee will make decisions concerning nominations for election to the Board, which date shall be no less than fifteen (15) days after the date of the notice. The notice shall specify the offices which are to be filled, as to whether the open-positions are Village Directors (i.e. to be elected by a particular village), or Community Directors (i.e. to be elected from the community at large). Members may then submit names in writing of proposed candidates for the Board to the nominating committee.

5.2.3 The nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All such nominations shall be made from among Members. The nominating committee shall use its best efforts to insure that the nominations for at large election to the Board include Members from each of the villages of The Villages of Southport. Each nominee must agree in writing to his nomination and the placement of his name on the ballot. Nominations shall be placed on a written ballot as provided in subsection 5.2.4 for the mailing of such ballots to the Members.

5.2.4 All elections to the Board shall be made by written ballot which shall:

(a) indicate the number of vacancies to be filled and shall specify which of the vacancies are for a Village Director, which will only be voted on by Members from that Village, and which are for Community Directors, who will be voted on by all of the Members of the Community;

(b) set forth the names of those nominated by the nominating committee for each vacancy, and clearly separate the names of nominees for Village Director positions, and nominees for Community Director positions.

(c) contain a space for write-in votes by the Members; and

(d) contain a requirement that the Member must cast the same number of votes as the number of vacancies on the Board for Community Directors. For example, if the Member has one (1) vote, and there are five (5) nominees and two (2) Community Director vacancies, the Member must vote for no more and no less than two (2) nominees for Community Director or the ballot will not be counted. In addition, if a Village Director is to be elected from the village in which the Member resides, and there are three (3) nominees for the one (1)



vacancy, each Member from that village must vote for no more and no less than one (1) nominee, or the ballot will not be counted.

Such ballots shall be prepared and mailed by the Secretary to the Members at least fourteen (14) days in advance of the date set forth therein for a return (which shall be a date not later than the day before the annual meeting). The Secretary shall include with the ballot a brief summary and description of each person nominated by the Board.

5.2.5 The completed ballot shall be returned as follows:

(a) Each ballot shall be placed in a sealed envelope which shall bear on its face the name and signature of the Member or his proxy, the number of votes of that Member, and such other information as the Board may determine will serve to establish his right to cast the vote or votes presented in the ballot or ballots contained therein. The ballots shall be returned to the Secretary at the address of the Association.

5.2.6 Upon receipt of each return, the Secretary shall immediately place it in a safe or other locked place until the day set for the return of all ballots. On that day the envelopes containing the ballot(s) shall be turned over, unopened, to a separate Election Committee which shall consist of five (5) persons appointed by the Board, which shall not include any of the Members who are nominees. The Election Committee shall then adopt a procedure which shall:

(a) establish that the number of votes set forth on the envelope and on the ballot corresponds to the number of votes allowed to the Member or his proxy; and

(b) that the signature of the Member or his proxy on the outside envelope is genuine; and

(c) if the vote is by proxy, that a proxy has been filed with the Secretary as provided herein, and that such proxy is valid.

The Election Committee shall proceed to the opening of the envelopes and the counting of the votes. The Election Committee shall immediately announce the results of the election and shall send written notice to all Members advising of the results of the election. The ballots and the outside envelopes shall be returned to the Secretary to be kept in a safe or other locked place for a minimum of thirty (30) days. If no Member requests a review of the procedures and vote within said thirty (30) days, the ballots and outside envelopes shall be destroyed.

5.3 Term of Office.

5.3.1 For so long as the Class "B" membership exists, the term of office for all directors shall be one (1) year;

5.3.2 At the first election after the Class "B" membership ceases and is converted to Class "A" membership, the Members shall have the opportunity to elect nine (9) members of the Board, which shall include five (5) directors, each of whom shall be elected by

the Members of one of the five (5) villages in which such director resides ("Village Directors"), and four (4) directors who shall be elected at large by the entire membership of the Association ("Community Directors"). The term of office of three (3) members of the Board shall be three (3) years; the term of office of three (3) members of the Board shall be two (2) years; and the term of office of the remaining three (3) members of the Board shall be one (1) year. Prior to such election the existing Board shall determine by lot which of the Director positions shall be for three (3) years, two (2) years and one (1) year, respectively, at this first election. Thereafter, three (3) members of the Board shall be elected each year, and all successor directors shall serve for terms of three (3) years.

It is the intention of this provision to create staggered terms so that one-third (1/3) of the members of the Board shall be elected each year. The term of office of each member of the Board elected to fill a vacancy created by the expiration of the term of office of the respective past member of the Board shall be three (3) years. The term of office of each member of the Board elected or appointed to fill a vacancy created by the resignation, death or removal of his predecessor shall be the balance of the unserved term of his predecessor. Any person serving as a member of the Board may be re-elected, and there shall be no limitation on the number of terms during which he may serve.

5.4 Organizational Meeting. The newly elected Board shall meet for the purposes of organization, the election of officers and the transaction of other business immediately after their election or within ten (10) days of same at such place and time as shall be fixed by the members of the Board at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

5.5 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the members of the Board.

5.6 Special Meetings. Special meetings of the Board may be called by any member of the Board, or by the President if not otherwise a member of the Board, at any time.

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

5.8 Notice of Meetings. Notice of each meeting of the Board shall be given by the Secretary, or by any other officer or member of the Board, stating the day, location and time of the meeting. Notice of such meeting shall be delivered to each member of the Board either personally or by telephone, facsimile or telegraph, at least twenty-four (24) hours before the time at which such meeting is to be held, or by first class mail, postage prepaid, at least three (3) days before the day on which such meeting is to be held. Notice of a meeting of the Board need not be given to any member of the Board who signs a waiver of notice either before or after the meeting. Attendance of a member of the Board at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place, the time or the manner in

which the meeting has been called or convened except when a member of the Board states, at the beginning of the meeting, an objection to the transaction of any business because the meeting is not lawfully called or convened.

5.9 Attendance at Board Meetings. All meetings of the Board shall be open to all Members, except for meetings between the Board and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege.

5.10 Place. All meetings of the Board shall be held at the principal office of the Association or at any other location as designated in the Notice of Meeting.

5.11 Quorum Requirements. Except as set forth hereinafter or unless otherwise so provided by the Declaration, at any regular or special meeting of the Board, the presence of Board members entitled to cast a majority of the votes of the entire Board at the time of such vote shall constitute a quorum. If any meeting of the Board cannot be organized because a quorum is not present, a majority of the votes of the Board members present may adjourn the meeting to a time not less than five (5) days and no more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence of members of the Board holding at least twenty-five percent (25%) of the votes of the entire Board.

5.12 [RESERVED]

5.13 [RESERVED]

5.14 [RESERVED]

5.15 [RESERVED]

5.16 Removal of Members of the Board. Members of the Board may be removed as follows:

5.16.1 Any member of the Board may be removed by majority vote of the remaining members of the Board if such member has been absent for the last three consecutive Board meetings, and/or adjournments and continuances of such meetings.

5.16.2 Any member of the Board may be removed with or without cause by a majority of the votes the Members cast at a special meeting of the Members called by Members having not less than twenty-five percent (25%) of the votes of the entire membership expressly for that purpose. The vacancy on the Board caused by any such removal may be filled by the Members at such meeting or, if the Members shall fail to fill such vacancy, by the Board as in the case of any other vacancy on the Board.

5.17 Vacancies. Unless the vacancy is filled by the Members in accordance with subsection 5.16.2, vacancies on the Board of any member of the Board may be filled by a majority vote of the members of the Board then in office, though less than a quorum, or by a sole

remaining member of the Board. If there are no members of the Board in office, then a special meeting election of the Members shall be called to elect the members of the Board to fill the vacancies.

5.18 Compensation. The Board shall not be entitled to any compensation unless the Members elect to pay them compensation and set the amount of such compensation, at any meeting of the Members.

5.19 Power and Duties. The Board shall have the right to exercise all of the powers and duties of the Association, express or implied, existing under these Bylaws, the Articles, the Declaration, or as otherwise provided by statute or law. Such powers and duties of the Board shall include without limitation (except as limited elsewhere herein), the following:

5.19.1 The operation, care, upkeep and maintenance of the Common Property, and any other portion of The Villages of Southport required to be maintained by the Association.

5.19.2 The determination of the expenses required for the operation of the Association.

5.19.3 The collection of Assessments for Common Expenses from Members required to pay same.

5.19.4 The employment of a professional investment manager to manage the Capital Fund of the Association, and the promulgation of an Investment Policy Statement which shall govern and control the manner in which the Capital Fund is to be invested.

5.19.5 The employment and dismissal of personnel.

5.19.6 The adoption and amendment of Rules and Regulations covering the details of the operation and use of property owned and/or maintained by the Association.

5.19.7 Maintaining bank accounts on behalf of the Association and designating signatories required therefor.

5.19.8 Obtaining and reviewing insurance for property owned and/or maintained by the Association.

5.19.9 The making of repairs, additions and improvements to, or alterations of, property owned and/or maintained by the Association.

5.19.10 Purchasing or leasing a Lot for use by a resident manager.

5.19.11 Borrowing money on behalf of the Association provided however, that the consent of the Members having at least two-thirds (2/3) of the votes of the entire membership, obtained at a meeting duly called and held for such purpose in accordance with the



provisions of these Bylaws, shall be required for the borrowing of any sum in excess of \$25,000.00.

5.19.12 Contracting for the management and maintenance of property owned and/or maintained by the Association. Authorizing a management agent or company to assist the Association in carrying out its powers and duties by performing such functions as the submission of proposals, collection of Assessments, preparation of records, enforcement of rules, and maintenance, repair and replacement of the Common Property with such funds as shall be made available by the Association for such purposes. The Association and its officers shall, however, retain at all times the powers and duties granted by all Governing Documents, including but not limited to, the making of Assessments, promulgation of rules, and execution of contracts on behalf of the Association.

5.19.13 Exercising all powers specifically set forth in the Governing Documents, and as otherwise provided by statute or law, and all powers incidental thereto or implied therefrom.

5.19.14 Entering into and upon any portion of the Property including Residential Property, when necessary to maintain, care and preserve any property in the event the Owner fails to do so.

5.19.15 Collecting delinquent Assessments by suit or otherwise, abating nuisances, and enjoining or seeking damages from the Members and/or Owners for violations of these Bylaws and the terms and conditions of the Declaration or of the Rules and Regulations of the Association.

5.19.16 Acquiring and entering into agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in lands or facilities, whether or not contiguous to the lands operated by the Association, intended to provide for the enjoyment recreation, or other use and benefit of the Members and/or owners and declaring expenses in connection therewith to be Common Expenses; all in such form and in such manner as may be deemed by the Board to be in the best interest of the Association; and the participation in the acquisition of any interest in lands or facilities for the foregoing purposes may be direct or indirect, meaning, without limiting the generality of the foregoing, by direct ownership of land or acquisition of stock in a corporation owning land.

## 6. Officers.

6.1 Positions and Qualifications. The Officers of the Association shall include a President, a Vice President, a Treasurer and a Secretary, all of whom shall be elected by the Board, from the membership of the Board of Directors, and may be preemptively removed from office with or without cause by vote of the Board at any meeting by concurrence of a majority of the members of the Board. Any person may hold two or more offices except that the President shall not also be the Secretary. The Board may, from time to time, elect such other officers and designate their powers and duties as the Board shall find to be appropriate to manage the affairs

of the Association. Each officer shall hold office until his successor shall have been elected, qualified, or until his death, resignation, or removal.

6.2 Resignation. Any officer of the Association may resign at any time by giving written notice of his resignation to any member of the Board, the President or the Secretary. Any resignation shall take effect at the time specified therein, or if there is no time specified therein, immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make such resignation effective.

6.3 Vacancies. A vacancy in any office, whether arising from death, resignation, removal or any other cause may be filled for the unexpired portion of the term of the office which shall be vacant in the manner prescribed in these Bylaws for the regular election or appointment of such office.

6.4 The President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of president of an association or corporation including, but not limited to, the power of appointment of committees to assist in the conduct of the affairs of the Association. The President shall appoint an investment committee, as provided hereinbelow, which shall be a standing committee solely for the purpose of assisting and reporting to the Board with respect to management of the Capital Fund.

6.5 The Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President, and shall be the chairman of the Investment Committee. He shall also assist the President generally and exercise such other powers and perform such other duties as may be prescribed by the Board.

6.5.1 Assistant Vice-Presidents for Financial Affairs. The Board shall appoint and elect three (3) Members as Assistant Vice-Presidents For Financial Affairs, who shall serve as members of the Investment Committee, together with two (2) members of the Board as provided in subsection 6.9 herein.

6.6 The Secretary. The Secretary shall be responsible for preparing and keeping the minutes of all proceedings of the Board and the Members. He shall be responsible for attending to the giving and serving of all notices to the Members and the members of the Board and other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal. He shall keep the records of the Association, except those of the Treasurer, and shall perform or direct performance of all other duties incident to the office of Secretary of the Association, and as may be required by the Board or the President.

6.7 The Treasurer. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall oversee the keeping of books of account for the Association in accordance with good accounting practices, which, together with substantiating papers, shall be made available to the Board for examination at any reasonable time. He shall cause a Treasurer's Report to be submitted to the Board at reasonable intervals and shall perform or cause to be performed all other duties incident to the

office of Treasurer. He shall collect, or direct collection of, all Assessments and shall report promptly to the Board the status of collection.

6.8 Compensation. The officers of the Association shall not be entitled to compensation unless the Board specifically votes to compensate them. However, neither this provision, nor the provision that members of the Board will not be compensated unless otherwise determined by the Members, shall preclude the Board from employing a member of the Board or an officer as an employee of the Association and compensating such employee, nor shall they preclude the Association from contracting with a member of the Board for the management of the Common Property or any portion thereof, or for the provision of services to the Association, including, but not limited to, engineering, architectural, planning, landscape planning, accounting or legal services, and in either such event to pay such member of the Board a reasonable fee for such management or provision of services.

6.9 Investment Committee. The Investment Committee shall be a standing committee of the Association, for the purpose of assisting the Board with respect to the management of the Capital Fund. The Investment Committee shall consist of five (5) Members of the Association, which shall include two (2) members of the Board, including the Vice-President, and three (3) other Members who shall be appointed as Assistant Vice-Presidents For Financial Affairs, as provided herein. The Vice-President shall be the chairman of the Investment Committee, and the other Board member shall be the Vice-Chairman. The duties and responsibilities of the Investment Committee shall include, without limitation, to communicate and consult with the Investment Manager retained by the Association, to monitor the results from the investment of the Capital Fund, to monitor the compliance by the Investment Manager with the Investment Policy Statement adopted by the Board, and to report to the Board at least on a quarterly basis. The Committee shall make recommendations to the Board from time to time, as the Board may request, and/or as the Committee may deem appropriate, with respect to suggested revisions to the Investment Policy Statement, the retention or removal of the Investment Manager, and any other matters relating to the Capital Fund, and the management thereof. Provided, the Committee may only make recommendations to the Board, and all decisions to be made with respect to the Capital Fund, and investment of same, including any amendment to the Investment Policy Statement must be approved by a seventy-five percent (75%) majority of the entire Board.

## 7. Finances and Assessments.

### 7.1 Adoption of the Budget.

7.1.1 By October 31st of each year, or as soon thereafter as is reasonably possible, the Board shall adopt a budget for the next fiscal year, necessary to defray the Common Expenses of the Association for such fiscal year as set out in the Declaration. The Common Expenses of the Association shall include all expenses of any kind or nature whatsoever anticipated to be incurred by the Association for the next fiscal year. In the event the Board fails to adopt an annual budget for any year, the prior year's budget shall remain in effect until a new budget is adopted or the existing budget is amended or revised.

7.1.2 If, after the adoption of any budget, it shall appear that the adopted budget is insufficient to provide adequate funds to defray the Common Expenses of the Association for the fiscal year in which the adopted budget applies, the Board may adopt an amended budget to provide such funds. All of the above provisions shall apply to the adoption of an amended budget.

## 7.2 Assessments and Assessment Role.

7.2.1 Pursuant to the terms of the Declaration, the Board shall fix and determine the amount and frequency of the Members' Assessments for Common Expenses. Such Assessments shall be due not more frequently than monthly, and shall each be in an amount no less than required to provide funds in advance for payment of all of the anticipated current operating expenses for all of the unpaid operating expenses previously incurred. Any periodic Assessments for Common Expenses, whether quarterly, monthly, or otherwise, shall be equal unless the Board determines unequal Assessments are required to provide funds in advance for the expenses of the Association. As soon as practicable after the determination of the Assessments for Common Expenses, the Association shall notify each Member, in writing, of the amount, frequency and due date of such Members' Assessments, provided, however, that no Assessment shall be due in less than ten (10) days from the date of such notification.

7.2.2 In the event the expenditure of funds by the Association is required that cannot be paid from the Assessments for Common Expenses, the Board may make Special Assessments in the manner as set out in the Declaration.

7.2.3 The Association shall maintain an Assessment roll for each Member, designating the name and current mailing address of the member, the amount of each Assessment payable by such Member, the dates and amounts in which the Assessments come due, the amounts paid upon the account of the Member, and the balance due.

7.3 Depositories. The funds of the Association shall be deposited in such banks and depositories as may be determined and approved by appropriate resolutions of the Board from time to time. Funds shall be withdrawn only upon checks and demands for money signed by such officers, members of the Board or other persons as may be designated by the Board.

7.4 Application of Payments and Commingling of Funds. All sums collected by the Association from Assessments may be commingled in a single fund or divided into more than one fund, as determined by the Board. Reserve Funds shall be deposited in separate interest bearing accounts.

## 8. Parliamentary Rules.

8.1 Roberts' Rules of Order (latest edition) shall govern the conduct of the meetings of Members when not in conflict with the Governing Documents.



9. Amendments.

9.1 Initiation. A resolution to amend these Bylaws may be proposed by any member of the Board, or by Members holding not less than ten percent (10%) of the votes of the entire membership of the Association.

9.2 Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

9.3 Adoption of Amendments.

9.3.1 A resolution for the adoption of the proposed amendment shall be adopted by Members having not less than a majority of the votes of the entire membership of the Association.

9.3.2 If the required number of Members eligible to vote sign a written consent statement showing their intention that an amendment to these Bylaws be adopted, then the amendment shall thereby be adopted as though subsections 9.1 through 9.3.1 had been satisfied.

9.4 No amendment shall make any change in the qualification for membership nor in the voting rights or property rights of Members without approval by all of the Members. So long as the Developer owns any portion of the Property, no amendment shall make any changes which would in any way effect any of the rights, privileges, powers or options herein provided in favor of or reserved to the Developer, unless the Developer shall join in the execution of the amendment.

9.5 HUD/VA shall have the right to veto any amendment so long as there is a Class B Membership.

10. Rules and Regulations. The Board may, from time to time, adopt or ratify previously adopted Rules and Regulations concerning the use of the Common Property and concerning the use, operation and maintenance of other portions of the Subject Property in order to further implement and carry out the intent of the Governing Documents. The Board shall make available to any Member, upon request, a copy of the Rules and Regulations adopted from time to time by the Board.

11. Miscellaneous.

11.1 Tenses and Genders. The use of any gender or of any tense in these Bylaws shall refer to all genders or to all tenses, wherever the context so requires.

11.2 Partial Invalidity. Should any of the provisions hereof be void or become unenforceable at law or in equity, the remaining provisions shall, nevertheless, be and remain in full force and effect.

11.3 Conflicts. In the event of any conflict, any applicable Florida statute, the Declaration, Articles, and Bylaws, and the Rules and Regulations of the Association shall govern, in that order of priority.

11.4 Captions. Captions are inserted herein only as a matter of convenience and for reference, and in no way are intended to or shall define, limit or describe the scope of these Bylaws or the intent of any provisions hereof.

11.5 Waiver of Objections. The failure of the Board or any officers of the Association to comply with any terms and provisions of the Governing Documents which relate to time limitations shall not, in and of itself, invalidate the act done or performed. Any such defect shall be waived if it is not objected to by a Member within thirty (30) days after the Member is notified, or becomes aware of the defect. Furthermore, if such defect occurs at a general or special meeting, the defect shall be waived as to all Members who received notice of the meeting and failed to object to such defect at the meeting.



FLORIDA DEPARTMENT OF STATE  
Sandra B. Mortham  
Secretary of State

August 12, 1998

CSC  
1201 Hays Street  
Tallahassee, FL 32301

Re: Document Number N98000003846

The Articles of Amendment to the Articles of Incorporation of SOUTHPORT HOMEOWNERS ASSOCIATION, INC., a Florida corporation, were filed on August 11, 1998.

Should you have any questions regarding this matter, please telephone (850) 487-6050, the Amendment Filing Section.

Annette Hogan  
Corporate Specialist  
Division of Corporations

Letter Number: 398A00041880

Account number: 072100000032

Account charged: 35.00

ARTICLES OF RESTATEMENT  
AMENDED AND RESTATED ARTICLES OF INCORPORATION  
OF  
SOUTHPORT HOMEOWNERS ASSOCIATION, INC.

The following Amended and Restated Articles of Incorporation for SOUTHPORT HOMEOWNERS ASSOCIATION, INC., a corporation not for profit in accordance with Chapter 617, Florida Statutes, were adopted and approved by written action by consent of the Board of Directors, and the sole member of the Association, who hereby amend the Articles of Incorporation in accordance with the following provisions ("these Articles"):

ARTICLE I

NAME

The name of the corporation shall be SOUTHPORT HOMEOWNERS ASSOCIATION, INC. For convenience, the corporation shall be referred to in this instrument as the "Association."

ARTICLE II

DURATION

The Association shall exist perpetually unless and until dissolved according to law. Corporate existence of the Association shall commence upon the filing of the original Articles with the Florida Department of State on July 1, 1998.

ARTICLE III

DEFINITIONS

All terms used in these Articles shall have the same meaning as are attributed to them in the Declaration (defined below), including, but not limited to, the following definitions:

In addition, the following words shall have the definitions set forth below for purposes of these Articles:

3.1 "Assessment" shall mean any assessment of an Owner by the Association for Common Expenses and other items pursuant to, in accordance with and for the purposes specified in Article XI – Assessments by Association of the Declaration.

3.2 "Association" shall mean Southport Homeowners Association, Inc., a corporation not-for-profit or its successors and assigns.

3.3 "City" shall mean Orlando, Florida, a municipal entity of the State of Florida.



3.4 "Common Expenses" shall mean those costs and expenses of the Association more particularly identified and described in Section 11.2 - Common Expenses of the Declaration.

3.5 "Common Property" shall mean all real and personal property from time to time owned by the Association for the common use, enjoyment and benefit of all Owners, including, without limitation, such portions of the Subject Property as are conveyed to the Association by the Developer pursuant to and as more particularly provided in Section 7.1 - Conveyance by Developer of the Declaration, and additional property that may be conveyed to the Association by the Developer from time to time as provided in Section 7.2 - Additional Property of the Declaration.

3.6 "County" shall mean Orange County, a political subdivision of the State of Florida, specifically including each and all of its departments and agencies.

3.7 "Declaration" shall mean the Declaration of Covenants, Conditions, Restrictions and Easements for The Villages of Southport, and all amendments thereto and modifications thereof, and any Supplemental Declarations, as are from time to time recorded among the Public Records of Orange County, Florida.

3.8 "Developer" shall mean Villages of Southport, Ltd., a Florida limited partnership, and its successors and assigns by merger, consolidation or by purchase of all or substantially all of either its assets or of the partnership interests of Villages of Southport, Ltd.

3.9 "Development Plan" shall mean the development plan for The Villages of Southport, which has been approved by the Board of City Commissioners of the City, including any comprehensive development plans, site plans or plats or other approvals issued by the City or other governmental agency with respect to the development of The Villages of Southport.

3.10 "Improvements" shall mean and include any buildings, structures, driveways, swimming pools, patios, decks, fences, walls, landscaping and any and all other appurtenances of any kind, nature or description constructed, erected, placed, installed or located on the Subject Property and any replacements thereof and all additions or alterations thereto.

3.11 "Lot" shall mean any numbered tract, parcel or lot shown on a recorded subdivision plat of the Subject Property, which is intended to be developed and improved as a single family residence (which shall include the Residence, if any, constructed thereon).

3.12 "Member" shall mean and refer to each Owner who is a Member of the Association as provided in Article VII - Membership of these Articles.

3.13 "Owner" shall mean one or more persons or entities who or which are alone, or collectively, the record owner of fee simple title to any Lot, including the Developer and its successors and assigns, but excluding those having an interest in any such property merely as security for the payment of a debt or the performance of an obligation.

3.14 "Plat" shall mean any recorded subdivision plat of lands which have been subjected to the covenants, conditions, restrictions and easements of the Declaration.

3.15 "Subject Property" shall mean all lands which have been subjected to the terms of the Declaration, including the initial lands as described on Page 1 of the Declaration, and additional lands that may be subjected to the Declaration by Supplemental Declaration as provided in Section 4.2 – Addition of Property of the Declaration.

3.16 "Villages of Southport" or "Southport" shall mean the residential community planned for and developed on the Subject Property as reflected on the Development Plan and any Plat, including Lots and Residences, and Common Property as those terms and such properties are defined and described in the Declaration, and on the Development Plan, and any Plat (sometimes referred to herein, and in the other Association documents, as the "Community").

#### ARTICLE IV

##### PRINCIPAL OFFICE

The principal office of the Association is located at 3300 Escondido Drive, Orlando, Florida 32827.

#### ARTICLE V.

##### REGISTERED OFFICE AND AGENT

Broad & Cassel Corporate Services of Central Florida, Inc., whose address is 390 North Orange Avenue, Suite 1100, Orlando, Florida 32801, is hereby appointed the initial registered agent of the Association and the registered office shall be at said address.

#### ARTICLE VI

##### PURPOSE AND POWERS OF THE ASSOCIATION

The Association shall not pay dividends and no part of any income of the Association shall be distributed to its Members, directors or officers. The Association is organized for exempt purposes as provided in the Internal Revenue Code, and shall provide for, among other things, the improvement, maintenance, preservation and architectural control of the Subject Property and to promote the recreation, health, safety and welfare of the Owners. The Association shall have all the powers of a nonprofit corporation organized under the laws of the State of Florida, subject only to such limitations upon the exercise of such powers as are expressly set forth in these Articles, the By-laws, or the Declaration. The Association shall have the power and duty to do any and all lawful things which may be authorized, assigned, required or permitted to be done by the Declaration, any Supplemental Declaration, these Articles and the By-laws, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the duties or powers of the Association for the benefit of the Owners and for the maintenance,

administration and improvement of the Subject Property. Unless otherwise specifically prohibited, any and all functions, duties and powers of the Association shall be fully transferable, in whole or in part, to any developer, management agent, governmental unit, public body, or similar entity. Any instrument effecting such a transfer shall specify the duration thereof and the means of revocation.

## ARTICLE VII

### MEMBERSHIP

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

## ARTICLE VIII

### VOTING RULES

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

(a) Class "A". Class "A" Members shall be all Owners of Lots in The Villages of Southport, with the exception of the Developer, and shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership.

(b) Class "B". The Class "B" Member shall be the Developer and any successor of the Developer, and shall be entitled to three (3) votes for each Lot owned by the Class "B" Member, or an aggregate of 1,959 votes based upon 653 permitted Lots pursuant to the Development Plan (which will be adjusted upon any amendment to the Development Plan). The Class "B" Membership shall terminate and become converted to Class "A" Membership at such time as the Members other than the Developer are entitled to elect a majority of the members of the Board of Directors, as provided in Fla. Stat. Section 617.307 (1997), and herein.

8.2 Transition of Control of Association.

(a) Members other than the Developer are entitled to elect at least a majority of the members of the Board of Directors of the Association when the earlier of the following events occurs:

(i) Three months after seventy-five percent (75%) of the Lots in all phases of the Community that will ultimately be operated by the Association have been conveyed to Members; or

(ii) On August 10, 2003; or

(iii) At such time as the Developer shall determine to convert the Class "B" membership to Class "A" by written notice to the Association.

(iv) For purposes of this section, the phrase "members other than the developer" shall not include builders, contractors, or others who purchase a parcel for the purpose of constructing improvements thereon for resale.

(b) The Developer is entitled to elect at least one member of the Board of Directors of the Association as long as the Developer holds for sale in the ordinary course of business at least 5 percent of the Lots in all villages of the Community. After the Developer relinquishes control of the Association, the Developer may exercise the right to vote any Developer-owned voting interests in the same manner as any other Member, except for purposes of reacquiring control of the Association or selecting the majority of the members of the Board of Directors.

Upon the happening of any one of these events, the Developer shall call a meeting as provided in the By-laws for a special meeting to advise the Association membership of the termination of Class "B" membership status, and the election of Directors, but in no event later than three (3) months after the happening of such event.

8.3 Multiple Owners. Each vote in the Association must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint or multiple owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote on behalf of a particular Lot, it shall thereafter be conclusively presumed for all purposes that he was or they were acting with the authority and consent of all Owners thereof.

## ARTICLE IX

### BOARD OF DIRECTORS

9.1 Number of Directors. The affairs of the Association shall be managed by a Board of Directors who need not be Members. The initial Board shall be comprised of three (3) people, but may be enlarged to as many as nine (9) people by the Board as it shall determine from time to time; provided that there shall always be an odd number of directorships created. The names and addresses of persons who are to act in the capacity of director until appointment or election of their successors pursuant to these Articles and the Bylaws are:

<u>NAME</u>	<u>ADDRESS</u>
Alan H. Ginsburg	1551 Sandspur Road Maitland, Florida 32751
Louis P. Shassian	1551 Sandspur Road Maitland, Florida 32751



Robert Ansley

100 South Orange Avenue  
Suite 700  
Orlando, Florida 32801

9.2 Upon Transfer of Control. At such time as the Class B membership shall terminate and be converted to Class A membership, the number of directors shall be expanded (if necessary) to nine (9) people. Thereafter, the Members shall elect the directors for staggered terms of three (3) years each. To create the staggered terms at the initial election of directors after the Class B membership is converted to Class A, nine (9) directors shall be elected, of which three (3) positions shall be designated to expire in one (1) year; three (3) positions shall be designated to expire at the end of the second year; and three (3) positions shall be designated to expire at the end of the third year. All successor directors shall serve for terms of three (3) years each. Of the nine (9) directors, five (5) of such directors shall be elected from a single village, each, of which they are a resident (i.e. one (1) director from each of the five (5) villages which comprise the Villages of Southport) (a "Village Director"); the remaining four (4) directors shall be elected at large from the entire development comprising the Villages of Southport (a "Community Director"). In the event that the number of people comprising the Board of Directors is changed, such change in number shall be implemented in such a manner as to have as nearly equal in number of directors as possible whose terms expire in any given year.

## ARTICLE X

### OFFICERS

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

<u>OFFICE</u>	<u>NAME</u>	<u>ADDRESS</u>
President	Alan H. Ginsburg	1551 Sandspur Road Maitland, Florida 32751
Treasurer	Louis P. Shassian	1551 Sandspur Road Maitland, Florida 32751
Secretary	Robert Ansley	100 South Orange Avenue Suite 700 Orlando, Florida 32801

## ARTICLE XI

### INDEMNIFICATION

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

11.2 Expenses incurred in defending a suit or proceeding whether civil, criminal, administrative or investigative may be paid by the Association in advance of the final disposition of such action, suit or proceeding if authorized by all of the noninterested directors, upon receipt of a written acknowledgment and agreement by the director or officer to repay such amount to the Association if it shall ultimately be determined that he is not to be indemnified by the Association as authorized by these Articles of Incorporation. Such written agreement shall provide that in the event the Association shall find it necessary to bring legal action to enforce and collect on such repayment agreement, the Association shall also be entitled to recover from such director or officer, all costs and expenses, including reasonable attorneys' fees at trial or on appeal, which the Association shall incur in bringing such legal action.

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

## ARTICLE XII

### BYLAWS

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

## ARTICLE XIII

### AMENDMENTS

Amendments to these Articles of Incorporation shall be made in the following manner:

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

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

13.3 Vote. At such meeting, a vote of the Members entitled to vote thereon shall be taken on the proposed amendment. The proposed amendment shall be adopted upon receiving the affirmative vote or written consent of at least two-thirds (2/3) of the Members entitled to vote thereon, unless the provision to be so amended shall provide for a greater percentage of the vote to amend or change it, in which event the greater percentage shall be required for approval and adoption.

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

13.5 Agreement. If the required number of the Directors and of the Members eligible to vote sign a written consent statement showing their intention that an amendment to these Articles be adopted, then the amendment shall thereby be adopted as though subsections 13.1 through 13.3 had been satisfied.

13.6 Action Without Directors. The Members may amend these Articles without an act of the directors at a meeting for which notice of the changes to be made are given.

13.7 Limitations. No amendment shall make any changes in the qualifications for Members, nor the voting rights of Members. No amendment shall be made that is in conflict with the Declaration. Any special voting approval requirements set forth in the Declaration shall apply. So long as the Developer shall own any lands within the Development Plan which are subject to potential annexation, no Developer-related amendment shall be made to the Declaration, any Supplemental Declaration, or to the Articles or Bylaws of the Association unless such amendment is first approved in writing by the Developer. Any amendment shall be deemed to be Developer-related if it does any of the following:

(i) directly or indirectly by its provisions or in practical application relates to the Developer in a manner different from the manner in which it relates to other Owners;

(ii) modifies the definitions provided for by Article I - Definitions of the Declaration in a manner which alters the Developer's rights or status;

(iii) modifies or repeals any provision of Article II - Objects and Purposes of the Declaration;

(iv) alters the character and rights or membership as provided in the Declaration or affects or modifies in any manner whatsoever the rights of Developer as a Member of the Association;

(v) alters any previously recorded or written agreement with any public or quasi-public agency, utility company, political subdivision, public authority or other similar agency or body, respecting zoning, streets, roads, drives, easements or facilities;

(vi) alters or denies the right of the Developer to convey Common Property to the Association, or the right of the Developer to impose the Declaration upon additional property;

(vii) modifies the basis or manner of assessment as applicable to the Developer or any lands owned by the Developer;

(viii) alters or repeals any of the Developer's rights or any provision applicable to the Developer's rights as provided for by any such provision of the Declaration or any Supplemental Declaration.

13.8 Filing. Each amendment shall be filed with Secretary of State, State of Florida, and a copy certified by the Secretary of State be retained in the minute book of the Corporation.

#### ARTICLE XIV

#### SUBSCRIBER

The name and address of the Subscriber and incorporator to the original Articles of Incorporation is as follows:

<u>NAME</u>	<u>ADDRESS</u>
Louis P. Shassian	1551 Sandspur Road Maitland, Florida 32751

#### ARTICLE XV

#### DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of Members. Upon dissolution of the Association, other than



incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

#### ARTICLE XVI

#### NONSTOCK CORPORATION

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

#### ARTICLE XVII


#### HUD/VA APPROVALS

As long as there is a class B Membership, annexation of additional properties, mergers and consolidations, mortgaging or dedication of the Common Property, amendment of these Articles, and dissolution of the Association shall require prior approval of the U.S. Department of Housing and Urban Development/Veteran's Administration ("HUD/VA").


IN WITNESS WHEREOF, the undersigned have caused these AMENDED AND RESTATED ARTICLES OF INCORPORATION to be executed as of the 7<sup>th</sup> day of August, 1998 by the Officers, on behalf of the Corporation, by the Directors of the Association, and by the Developer, as the sole member of the Association.

SOUTHPORT HOMEOWNERS  
ASSOCIATION, INC.

By:


  
Alan H. Ginsburg, President

ATTEST:

  
Robert Ansley, Secretary

SIGNATURE PAGE – AMENDED AND RESTATED ARTICLES OF INCORPORATION

DIRECTORS:

  
Alan H. Ginsburg, Director

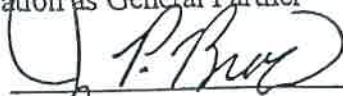
  
Louis P. Shassian, Director

  
Robert Ansley, Director

SOLE MEMBER:

VILLAGES OF SOUTHPORT, LTD.  
A Florida Limited Partnership

By: Villages of Southport, Inc., a Florida Corporation as General Partner

By: 

Name: Jay P. Brock

Office: Vice President

**CERTIFICATE DESIGNATING  
REGISTERED AGENT FOR SERVICE OF PROCESS**

Pursuant to Chapters 48 and 617, Florida Statutes, the following is submitted in compliance with said Acts.

SOUTHPORT HOMEOWNERS ASSOCIATION, INC., desiring to organize as a corporation under the laws of the State of Florida, with its registered office at 390 North Orange Avenue, Suite 1100, Orlando, Florida 32801, has named B&C CORPORATE SERVICES OF CENTRAL FLORIDA, INC., located at the above-registered office, as its Registered Agent to accept service of process within the State.

**ACKNOWLEDGEMENT**

Having been named to accept service of process for the above-stated corporation at the place designated in this Certificate, I hereby accept to act in this capacity and agree with the provisions of said Acts relative to keeping open said office.

B&C CORPORATE SERVICES OF  
CENTRAL FLORIDA, INC.

Registered Agent

By: 

Name: Douglas E. Starcher

Dated: August 10, 1998

ARTICLES OF AMENDMENT AND RESTATEMENT  
FOR AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
SOUTHPORT HOMEOWNERS ASSOCIATION, INC.

FILED  
98 AUG 11 PM 2:33  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

The undersigned, President of SOUTHPORT HOMEOWNERS ASSOCIATION, INC., a Florida corporation not for profit (the "Corporation"), desiring to amend and restate in their entirety the Articles of Incorporation of the Corporation pursuant to Section 617.1007 of the Florida Not For Profit Corporation Act, states and certifies as follows:


1. The name of the Corporation is SOUTHPORT HOMEOWNERS ASSOCIATION, INC.,

2. The Articles of Incorporation are amended as reflected by the Amended and Restated Articles of Incorporation of the Corporation, a copy of which is attached hereto as Exhibit A.

3. That the attached restatement of the Articles of Incorporation contains amendments to the Articles requiring member approval.

4. That these Amended and Restated Articles of Incorporation were approved and adopted by all of the Directors, and by the sole member of the Corporation, by written Action by Consent on August 7, 1998.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 7<sup>th</sup> day of August, 1998.

  
\_\_\_\_\_  
Alan H. Ginsburg, President





RECORDING OF THE AMENDMENT TO THE DOCUMENTS  
BUILDING RESTRICTIONS – RESIDENTIAL PROPERTY  
ARTICLE XIV – section 14.2

INSTR 20080029144 OR BK 09585 PG 3887 PGS=1 RECD 01/15/2008 03:23:35 PM  
MARTHA O. HAYNIE, COMPTROLLER, ORANGE COUNTY  
REC FEE 10.00  
LAST PAGE

In order for this amendment to be valid two thirds (2.3rds) of the Homeowners in the Villages of Southport must sign in agreement.

Two thirds of 654 homes equals 436, the required number of signatures needed to validate the amendment. As of this date January 12, 2008 we have that number, 436 signed proxies from Homeowners in the Villages of Southport.

Article XIV, Section 14.2

14.2 Building Type

The use of Residential Property is limited to residential dwelling purposes only and no building or structure or other improvements shall be placed, located, constructed or installed or permitted to remain on Residential Property except for such purposes.

Article XIV, Section 14.2 of the Declaration is amended to read as follows:

14.2 Building Type

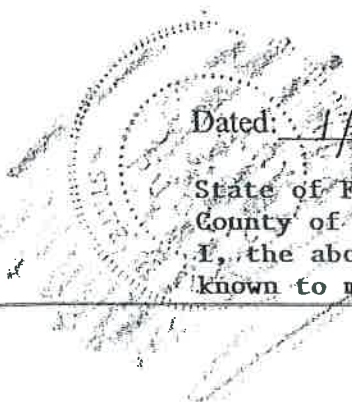
The use of Residential Property is limited to residential dwelling purposes only and no building or structure or other improvements shall be placed, located, constructed or installed or permitted to remain on Residential Property except for such purposes. Notwithstanding the foregoing, sheds of a permanent or semi-permanent nature may be permitted on Residential Property if they meet the following criteria: the footprint of the shed shall not exceed sixty four (64) square feet; the height of the shed shall not exceed eight (8) feet; the shed shall not be comprised of ferrous metal; the shed must be located in the back yard of the lot enclosed by a fence. Notwithstanding the foregoing criteria, all requests to build a shed shall be submitted to the ARCHITECTURAL REVIEW BOARD for approval. Approval will not be granted by the ARB unless the applicant provides proof that he or she has obtained a permit from the City of Orlando to construct the shed.

Dated: 1/11/08

Michael A Kern Michael A Kern  
Signature President of HOA Villages of Southport

Dated: 1/11/08

Sheri Bee Williamson  
Notary Public



State of Florida  
County of Orange

I, the above signed notary, do hereby acknowledge that Michael A. Kern personally known to me, did appear before me in person on this 11th day of January, 2008.



Sheri Bee Williamson  
Commission #DD283645  
Expires: Feb 18, 2008  
Bonded Thru  
Atlantic Bonding Co., Inc.