

This instrument prepared by and
after recording return to:

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Martha O. Haynie, Comptroller
Orange County, FL
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**THIRD AMENDMENT AND SUPPLEMENT TO
DECLARATION OF COVENANTS AND RESTRICTIONS
FOR THE ISLES OF LAKE HANCOCK RESIDENTIAL SUBDIVISION**

THIS THIRD AMENDMENT AND SUPPLEMENT TO DECLARATION OF COVENANTS AND RESTRICTIONS FOR THE ISLES OF LAKE HANCOCK RESIDENTIAL SUBDIVISION (this "Third Amendment") is made as of the Third Amendment Effective Date (as that term is defined below), by **THE RYLAND GROUP, INC.**, a Maryland corporation ("Declarant"), whose post office address is 2822 Commerce Park Drive, Suite 100, Orlando, Florida 32819.

RECITALS:

WHEREAS, via that certain Assignment of Declarant's Rights recorded in Official Records Book 10619, Page 434, of the Public Records of Orange County, Florida (the "Assignment"), Declarant was assigned all right, title and interest as Declarant and Developer under that certain Declaration of Covenants and Restrictions for the Isles of Lake Hancock Residential Homeowners Association, Inc., recorded in Official Records Book 5120, Page 3176, as amended by that certain Amendment of Declaration of Covenants and Restrictions for the Isles of Lake Hancock Residential Subdivision recorded in Official Records Book 6314, Page 2939; that certain Supplemental Declaration of Covenants and Restrictions for the Isles of Lake Hancock Residential Subdivision recorded in Book 6314, Page 2948; that certain Second Amendment to Declaration of Covenants and Restrictions for the Isles of Lake Hancock Residential Subdivision recorded in Book 6583, Page 4199; and that certain Second Supplemental Declaration of Covenants and Restrictions for the Isles of Lake Hancock Residential Subdivision recorded in Book 10486, Page 633, all of the Public Record of Orange County, Florida (collectively, the "Declaration") (unless otherwise defined, capitalized terms used above or herein shall have the meanings ascribed to them in the Declaration);

WHEREAS, pursuant to Article VI, Section 32 of the Declaration, Declarant, as Developer, has the right and authority, for a period of five (5) years from the recording of any amendment to the Declaration submitting additional properties to the Declaration, to amend the Declaration without notice or consent of the Members of the Association, provided that such amendment is substantially consistent with the general uniform plan of residential development sent forth in Article VI of the Declaration; and

WHEREAS, as of the Effective Date, less than five (5) years has elapsed since the Second Supplemental Declaration of Covenants and Restrictions for the Isles of Lake Hancock Residential Subdivision, referred to above, submitted additional property to the Declaration; and

WHEREAS, pursuant to Article II, Sections 2 and 3 of the Declaration, Declarant, as Developer, may, in its sole discretion, by the recording of a Supplemental Declaration, add additional lands to the Development; and

WHEREAS, Declarant desires to submit additional lands to the Declaration (the "Additional Property"); and

WHEREAS, the owners of the Additional Property desire to join in and consent to submitting the Additional Property to the Declaration; and

WHEREAS, in order to plat the Additional Property as part of the existing Isles of Lake Hancock gated community (the "Development"), Declarant, as required by the County and by Chapter 34, Article VIII of the Orange County Code of Ordinances (the "Gated Community Ordinance"), must cause the Declaration to be amended to comply with the Gated Community Ordinance; and

WHEREAS, pursuant to the authority granted to Declarant by the Declaration, Declarant wishes to amend the Declaration as set forth herein.

NOW, THEREFORE, Declarant, for itself and its successors in interest and assigns, by the execution and recording of this Third Amendment in the Public Records of Orange County, Florida, does hereby declare that the Declaration is hereby amended as follows:

1. Recitals. The recitals set forth above are incorporated herein by this reference as if the same were fully set forth herein.

2. Definitions.

- a. Article I of the Declaration is hereby amended to incorporate the following definitions:

"County" shall mean Orange County, Florida.

"Subdivision Infrastructure" shall mean those roadways, improvements or other items which should otherwise be dedicated to the use of the public and/or the County in a typical subdivision, but which are retained for private use by the Association or owners of the Lots in the Development. However, Subdivision Infrastructure, as used herein, specifically excludes private amenities such as gates, clubhouses, parks and recreational areas.

"Turnover Date" shall mean the date upon which Members, other than the Developer, are entitled to elect at least a majority of the Board, which shall be when Developer elects, in its sole discretion; provided, however, that Developer shall not be permitted to voluntarily relinquish control of the Board sooner than the point in time that certificates of occupancy have been issued for at least seventy percent (70%) of the platted Lots in Phase III, and provided that the Turnover Date must occur no later than the point in time at which certificates of occupancy have been issued for ninety percent (90%) of the platted Lots in Phase III.

- b. The definition of "Plat" contained in Article I of the Declaration is hereby revised to read as follows:

"Plat" shall mean and refer, collectively, to that certain final plat of the Isles of Lake Hancock subdivision recorded in Plat Book 36, Page 141, of the Public

Records of Orange County, Florida ("Phase I Plat") ; that certain final plat of the Isles of Lake Hancock Phase II subdivision recorded in Plat Book 48, Page 6, of the Public Records of Orange County, Florida ("Phase II Plat") ; and that certain final plat of the Isles of Lake Hancock Phase III subdivision recorded in Plat Book 83, Page 104, of the Public Records of Orange County, Florida ("Phase III Plat").

3. Establishment of Accounts. Article III, Section 2 of the Declaration is hereby amended to incorporate the following:

(k) In accordance with and as required by the County and the Gated Community Ordinance, for all phases of the Development, the Association shall:

(i) Establish and maintain an Association account for annual routine maintenance and repair of the streets, sidewalks, and drainage system, including any stormwater detention/retention areas and/or the Surface Water Management System (referred to herein as the "routine-infrastructure-maintenance account"), and impose the restrictions and requirements set forth in §34-291 of the Gated Community Ordinance regarding that account;

(ii) Establish and maintain an Association account for major capital repair and replacement of the Development's streets (referred to herein as the "capital-repair/streets account"), and impose the restrictions and requirements set forth in §34-291 of the Gated Community Ordinance regarding that account;

(iii) Establish and maintain an Association account for major capital repair and replacement of the Development's stormwater retention/detention facilities and/or the Surface Water Management system (referred to herein as the "capital-repair/drainage pond account") and impose the requirements and restrictions set forth in §34-291 of the Gated Community Ordinance regarding that account;

(iv) Establish and maintain an Association account for major capital repair and replacement of other Development infrastructure such as sidewalks, stormwater conveyance systems, curbing, bike paths, etc. (referred to herein as the "capital-repair/other infrastructure account") and impose the requirements and restrictions set forth in §34-291 of the Gated Community Ordinance regarding that account;

(v) Establish and maintain an Association account for storm debris clean-up and removal, such as clearing downed trees, landscape, and other storm-created debris from the Development's streets, sidewalks and drainage facilities (referred to herein as the "storm debris removal account") and impose the requirements and restrictions set forth in §34-291 of the Gated Community Ordinance regarding that account;

(l) In accordance with and as required by the County and the Gated Community Ordinance, the Association shall create, deposit monies into, retain in perpetuity, and replenish from time to time the following accounts, described in detail above, which are referred to herein collectively as the "required Association accounts":

(i) A routine-infrastructure-maintenance account;

- (ii) A capital-repair/streets account;
- (iii) A capital-repair/drainage pond account;
- (iv) A capital-repair/other infrastructure account; and
- (v) A storm debris removal account.

Each of the required Association accounts must be asset accounts kept separate and apart from all other funds and accounts of the Association, and for accounting purposes the Association may not commingle the required Association accounts, either with each other or with other funds and accounts of the Association. However, notwithstanding the foregoing, the monies in the required Association accounts may be commingled with monies in other Association accounts for banking and investment purposes, and may be pooled with other Association monies in a common investment program, so long as the financial books and records of the Association account for the monies in the required Association accounts separately and apart from all other Association monies and keep such monies earmarked for the purposes set forth below. All earnings from the investment of monies in the required Association accounts shall remain in their respective accounts and shall follow their respective principal.

(m) Use of Accounts: Pursuant to the Gated Community Ordinance:

(i) Monies on deposit in the routine-infrastructure-maintenance account, including any investment earnings, may be used by the Association, or by the Developer with the written consent of the Board, only for scheduled maintenance and for unscheduled repair of the streets, drainage system, including the stormwater detention/retention areas and/or the Surface Water Management System, sidewalks, curbing, bike paths, traffic-control signage and other Association infrastructure appurtenant to the Development's private roads and drainage systems. The monies on deposit in the account may also be used for scheduled maintenance and unscheduled maintenance and repair of the entrance and exit gates and their related facilities, but the streets and drainage-system maintenance and repair shall take priority over the maintenance and repair of the gates and related facilities.

(ii) Monies on deposit in the capital-repair/streets account, including any investment earnings, may be used by the Association only for resurfacing and related reconstruction of the streets in all phases of the Development, generally every twelve (12) years after issuance by the County of the certificate of completion for the streets constructed or to be constructed within the Isles of Lake Hancock Phase III. The monies on deposit in the account may not be expended earlier than the 12th anniversary of the issuance of the certificate of completion without the consent of no less than a simple majority of the Owners (excluding the Developer) in the Development, which consent may consist of written consent and/or voting consent at a meeting called in accordance with the governing documents of the Association, and the consents will be valid only if obtained after turnover of the Development infrastructure to the Association, pursuant to the terms hereof. Under no circumstances may the monies in the account be expended before the Developer turns over control of the Subdivision Infrastructure to the Association.

(iii) Monies on deposit in the capital-repair/drainage pond account, including any investment earnings, may be used by the Association only for major repair and reconstruction of the stormwater detention/retention areas and/or the Surface Water Management System of the drainage system within all phases of the Development, generally every ten (10) years after issuance by the County of the certificate of completion for the stormwater detention/retention areas and/or the Surface Water Management System constructed or to be constructed within the Isles of Lake Hancock Phase III. The reconstruction and repair of the detention/retention areas will include, but not be limited to, dredging and sediment removal. The monies on deposit in the account may not be expended earlier than the 10th anniversary of the issuance of the certificate of completion without the written consent of no less than a simple majority of the Owners (excluding the Developer) in the Development, which consent may consist of written consent and/or voting consent at a meeting called in accordance with the governing documents of the Association, and the consents will be valid only if obtained after turnover of the Development infrastructure to the Association, pursuant to the terms hereof. Under no circumstances may monies in the account be expended before the Developer turns over control of the Subdivision Infrastructure to the Association.

(iv) Monies on deposit in the capital-repair/other infrastructure account, including any investment earnings, may be used by the Association only for major repair, reconstruction, resurfacing, and replacement of the other parts of the infrastructure related to the Development's private streets and drainage systems, such as the stormwater conveyance systems, sidewalks, curbing, and bike paths within all phases of the Development. The monies on deposit in the account may also be used for the major repair, reconstruction, and replacement of the entrance and exit gates and related facilities, but the repair, reconstruction, and replacement of the former items of infrastructure shall take priority over the repair, construction, and replacement of the entrance and exit gates and their related facilities.

(v) Monies on deposit in the storm debris removal account, including any investment earnings, may be used by the Association only for the costs of storm debris clean-up and removal, such as clearing downed trees, landscape, and other storm-created debris from Association-owned streets, sidewalks, and drainage facilities (including stormwater detention/retention areas), and removing such debris to a landfill or other County-provided drop-off site within all phases of the Development.

(n) Required Funding; Required Assessments. As required by the Gated Community Ordinance, and commencing with the first Association fiscal year occurring after the Third Amendment Effective Date:

(i) The Association must deposit each year into the routine-infrastructure-maintenance account an amount of money sufficient to perform all scheduled maintenance and unscheduled repair of the streets, drainage system, and other infrastructure during the subsequent year. The amount deposited, when added to investment earnings, must be no less than the amounts recommended by the engineer's report required in the Gated Community Ordinance, plus an amount

sufficient to cover scheduled and unscheduled maintenance and repair of the entrance and exit gates and their related facilities.

(ii) The Association must deposit each year into the capital-repair/streets account an amount sufficient for the streets to be resurfaced and, as related to the resurfacing, reconstructed no less frequently than every twelve (12) years, and the amount must be estimated by the Developer and approved by the County prior to issuance of a certificate of completion for the streets constructed or to be constructed within the Isles of Lake Hancock Phase III. Deposits to the account must begin in the year in which the County issues its certificate of completion for the streets constructed or to be constructed in the Isles of Lake Hancock Phase III and must be completed no later than the year of the 12th anniversary of the issuance of the certificate. The amount deposited by the Association must be no less than one-twelfth of the estimate approved by the County. However, after the Turnover Date, the schedule of deposit may be altered such that one or more annual deposits is less than one-twelfth of the estimate, but only if a simple majority or more of all Owners in the Development consent in writing and/or by voting at a meeting called in accordance with the governing documents of the Association to approve the altered schedule. If the Owners in the Development consent in writing to a different schedule of deposits, the revised schedule must result in the aggregate amount of deposits during the 12-year period being equal to or in excess of the estimate approved by the County. At the end of each 12-year period, the Association shall revise and update the estimated cost of resurfacing and, as related to the resurfacing, reconstructing the streets at the end of the next 12-year period, taking into consideration actual costs incurred and expected increases in road construction costs, and shall adjust the amount of its annual deposits to the account accordingly. If for any reason expenditures are made from the account prior to the end of the 12-year period, the amount of deposits to the account in the remaining years shall be adjusted so as to ensure that the account contains an amount sufficient at the end of the 12-year period to pay the costs of all expected repair and/or reconstruction and resurfacing requirements.

(iii) The Association must deposit each year into the capital-repair/drainage pond account an amount sufficient for the stormwater detention/retention areas and/or the Surface Water Management System in the drainage system to be restored and repaired no less frequently than once every ten (10) years, and the amount must be estimated by the Developer and approved by the County prior to the issuance of a certificate of completion for the drainage system constructed or to be constructed within the Isles of Lake Hancock Phase III. Deposits to the account must begin in the year of which the County issues its certificate of completion for the drainage system constructed or to be constructed within the Isles of Lake Hancock Phase III and must be completed no later than the year of the 10th anniversary of the issuance of the certificate. The amount deposited each year by the Association must be no less than one-tenth of the estimate approved by the County. However, after the Turnover Date, the schedule of deposits may be altered such that one or more annual deposits is less than one-tenth of the estimate, but only if a simple majority or more of all Owners in the Development consent in writing and/or by voting at a meeting called in accordance with the governing documents of the Association to approve the altered schedule. If the Owners consent to a different schedule of deposits, the

revised schedule must result in the aggregate amount of deposits during the ten-year period being equal to or in excess of the estimate approved by the County. At the end of each 10-year period, the Association shall revise and update the estimate of the cost of restoring and repairing the stormwater detention/retention areas and/or the Surface Water Management System at the end of the next 10-year period, taking into consideration actual costs incurred and expected increases in drainage-system construction costs and shall adjust the amount of its annual deposits to the account accordingly. If for any reason expenditures are made from the account prior to the end of the 10-year period, the amount of deposits to the account in the remaining years will be adjusted so as to ensure that the account contains an amount sufficient at the end of the 10-year period to pay the costs of all expected restoration and repair requirements.

(iv) The Association must deposit each year into the capital-repair/other infrastructure account an amount sufficient for other Development infrastructure related to the streets and drainage system, such as stormwater conveyance systems, sidewalks, curbing, and bike paths, to be reconstructed and/or repaired no less frequently than once every fifty (50) years, and the amount must be approved by the County prior to issuance of a certificate of completion for those improvements constructed or to be constructed within the Isles of Lake Hancock Phase III. Deposits to the account must begin in the year in which the County issues its certificate of completion for the improvements constructed or to be constructed within the Isles of Lake Hancock Phase III and must be completed no later than the 50th anniversary of the issuance of the certificate. The amount deposited each year by the Association must be no less than one-fiftieth of the estimate approved by the County. However, after the Turnover Date, the schedule of deposits may be altered such that one or more annual deposits is less than one-fiftieth (1/50) of the estimate, but only if a simple majority or more of all Owners in the Development consent in writing and/or by voting at a meeting called in accordance with the governing documents of the Association to approve the altered schedule. If the Owners consent to a different schedule of deposits, the revised schedule must result in the aggregate amount of deposits during the 50-year period being equal to or in excess of the estimate approved by the County. At the end of each 50-year period, the Association shall revise and update the estimate of the cost of reconstructing and/or repairing the improvements, taking into consideration actual costs incurred and expected increases in reconstruction and repair costs, and shall adjust the amount of its annual deposits to the account accordingly. If for any reason expenditures are made from the account prior to the end of the 50-year period, the amount of deposits to the account in the remaining years will be adjusted in a manner to ensure that the account contains an amount sufficient at the end of the 50-year period to pay the cost of all expected reconstruction and/or repair requirements.

(v) The Developer must deposit an initial amount into the storm debris removal account equal to two hundred fifty dollars (\$250.00) per acre of land in the platted Development (excluding wetlands, conservation areas, and natural water bodies). The Association must deposit each year into the account, an amount equal to one-fifth the initial amount, until the storm debris account is equal to double the initial amount plus the annual Engineering News Record construction cost index. Subsequently, the Association must make deposits at least annually into the storm debris removal sufficient to maintain the balance at

double the initial amount plus the annual Engineering News Record construction cost index. Any time the Association must expend funds in the storm debris removal account after a storm event, the Association shall replace such funds (by special assessment, if necessary) within three (3) years of such expenditure sufficient to bring/restore the balance of the storm debris removal account to the balance prior to the expenditures, plus the annual Engineering News Record construction cost index.

(vi) To help ensure the financial ability of the Association to maintain the infrastructure after turnover of the infrastructure, the five (5) required Association accounts must be created and funded by the Developer, in the initial amount required for the storm debris removal account in §34-291(c)(5) of the Gated Community Ordinance and for the other four (4) required accounts, in an amount equal to one (1) year of assessments prior to plat recording or issuance of certificate of completion for the streets, drainage, or other related improvements for the Isles of Lake Hancock Phase III. Such initial required Association account assessments are in addition to any other assessments required to be paid by the Developer under §34-291(c)(7) of the Gated Community Ordinance.

(vii) The obligation to collect and pay required Association account assessments shall commence as of the date on which the County issues its certificate of completion for the streets, drainage system, and other related improvements for the Isles of Lake Hancock Phase III. However, if no plat has been recorded as of that date, the obligation to collect and pay required Association account assessments shall commence as of the date the plat for Isles of Lake Hancock Phase III is recorded in the public records of the County. The Association shall impose and collect the required Association account assessments against each platted Lot in the Development, including Lots owned or controlled by the Developer and by any builder, without exception. The required Association account assessments shall be uniform and equitable and shall be imposed and collected in amounts sufficient, when added to investment earnings and other available revenues of the Association, if any, to make all required deposits to each of the required Association accounts.

(viii) Notwithstanding the foregoing, if in the opinion of the County Engineer the subdivision infrastructure has substantially deteriorated at the time a plat is approved, the County may require an additional payment of assessments by the Developer to address the loss of useful life of the deteriorated subdivision infrastructure.

4. Turnover of Control. Article III is hereby amended to add the following:

Section 5. Turnover of Control. Developer may turn over control of the Subdivision Infrastructure to the Association any time after certificates of occupancy have been issued for seventy percent (70%) of the Lots in Phase III, but Developer shall be required to turnover said control no later than the Turnover Date.

(a) Prior to the Turnover Date and/or transfer of control of the Subdivision Infrastructure:

- (i) all maintenance and repair of streets, sidewalks and the drainage system, including the stormwater detention/retention areas and/or the Surface Water Management System, shall be the responsibility of the Developer;
 - (ii) the Developer may expend monies in the routine-infrastructure-maintenance account for such maintenance and repair, but only with the written consent of the Board of Directors; and
 - (iii) insufficiency of monies in the routine-infrastructure-maintenance account shall not act to relieve the Developer of any responsibility to properly maintain and repair the streets, sidewalks, and drainage system (including the stormwater detention/retention areas and/or the Surface Water Management System).
- (b) No earlier than one hundred eighty (180) days before the Turnover Date and/or transfer of control of Development infrastructure, the Association must:
 - (i) retain the services of a Florida-registered engineer experienced in subdivision construction (other than any engineer of record for the Development as of the date of the county's approval of the Subdivision Infrastructure construction plans, and engineers who are principals of, employed by, or contractor of the same firm as the engineer of record) to inspect the streets, sidewalks and drainage system, including the stormwater detention/retention areas and/or the Surface Water Management System, in accordance with the existing approved plans, and prepare a report recommending the amount of scheduled maintenance and unscheduled repair that likely will be needed each year for the streets, sidewalks and drainage system (including the stormwater detention/retention areas and/or the Surface Water Management System), in accordance with standards that may be established and revised from time to time by the County Engineer or his or her designee, which recommends the amounts of money that should be deposited each year in the routine-infrastructure-maintenance account, and determining what repairs if any, are needed prior to the Turnover Date;
 - (ii) require that the report be signed and sealed by the engineer;
 - (iii) pay the cost of this initial engineer's report, and the Association may pay such cost from the routine-infrastructure-maintenance account; and
 - (iv) provide a copy of the report to all Owners of lots, blocks, and tracts in the Development and to the County Engineer within fifteen (15) days after it is completed.
- (c) Any needed repairs or replacements identified by the above report shall be completed by the Developer, at the Developer's sole expense, prior to either the Turnover Date or transfer of control of the Subdivision Infrastructure to the Association, whichever occurs first.
- (d) If the Turnover Date and/or transfer of control of the Subdivision Infrastructure occurs and the foregoing requirements have not been fulfilled, the right of the Association, any of its Members, and any and all owners of land in the Development to enforce these requirements

against the Developer shall survive the Turnover Date, with the prevailing party to be entitled to attorneys' fees and costs.

(e) After the Turnover Date or turnover of control of the Development infrastructure:

(i) the Association shall obtain an inspection of the streets, sidewalks and drainage systems, including the stormwater detention/retention areas and/or the Surface Water Management System, by a Florida-registered engineer experienced in subdivision construction no less frequently than once every three (3) years after the initial engineer's inspection; and

(ii) using good engineering practice, and in accordance with standards that may be established and revised from time to time by the County Engineer or his or her designee, or in accordance with such other standards as may be adopted from time to time by the Association, or in accordance with such standards as the Association's engineer may determine to be appropriate, the Association shall ensure that:

(a) the required inspection determines the level of maintenance and repair (both scheduled and unscheduled) needed, the amounts of funding needed each year for the next three (3) years in the routine-infrastructure-maintenance account to pay for such maintenance and repair, and any repairs then needed;

(b) the inspection be written in a report format;

(c) a copy of each engineering report be provided to each owner of property in the Development within fifteen (15) days of completion of the report; and

(d) within one hundred eighty (180) days of receipt of each tri-annual engineering report, the Association shall complete all remedial work identified and recommended by the engineer.

5. General Provisions. Article IX of the Declaration is amended to add the following:

Section 8. General Provisions.

(a) As required pursuant to the Gated Community Ordinance, the Developer (prior to the Turnover Date) and the Association expressly indemnify and hold the County and its officers and employees harmless from any cost of maintenance, repair, and reconstruction of, or tort liability or award of damages related to or arising in connection with, the streets, sidewalks, drainage system (including stormwater retention/detention area), and/or any other Development infrastructure.

(b) As required to be disclosed by the Gated Community Ordinance, owners are advised that they will receive no discount in property or other taxes because of the Development's private streets or drainage system.

(c) As required pursuant to the Gated Community Ordinance, each initial purchase of a Lot for the personal or family use of the purchaser shall receive a copy of this

Declaration at or prior to the time the sales contract is executed, together with the current budget for the Association, including a schedule disclosing the then-existing amounts of the periodic assessments for each of the required Association accounts and a copy of the most recent year-end financial statement for the Association, and if none are then existing, a good faith estimate of the Association operating budget, along with a form to be signed by such initial purchaser acknowledging receipt of a copy of the Declaration, budget, financial statement or good faith estimate, and that the original of the form acknowledging receipt of a copy of the Declaration shall be attached to the sales contract as an exhibit or appendix. The schedule shall also state that the periodic assessments for the required Association accounts do not include assessments for either the routine maintenance of or the capital repair and replacement of Association facilities not related to the Subdivision Infrastructure (such as Common Property or common area landscaping, entrance and exit gates, walls, swimming pools, clubhouses, parks, other recreation areas, etc.).

(d) As required pursuant to the Gated Community Ordinance, no contract for the sale and purchase of a residential Lot or Unit in the Development shall be effective until a Gated Community Cost Disclosure Statement in substantially the following form has been provided to and executed by such purchaser, provided that in the case of a sale and purchase of multiple Lots or Units to a single purchaser, execution of single disclosure statement is sufficient provided that all Lots or Units are listed on the disclosure statement either by legal description or by street address.

GATED COMMUNITY COST DISCLOSURE STATEMENT

IF YOU ARE BUYING A LOT OR HOME IN A PRIVATE GATED COMMUNITY IN ORANGE COUNTY YOU SHOULD KNOW THESE BASIC FACTS:

- 1. ORANGE COUNTY IS PROHIBITED FROM PAYING TO MAINTAIN THE ROADS, SIDEWALKS AND DRAINAGE AND MAY NOT BE PERMITTED TO REMOVE STORM DEBRIS IN THIS COMMUNITY BECAUSE THE ROADS, SIDEWALKS, AND DRAINAGE ARE PRIVATE PROPERTY AND THE GENERAL PUBLIC CANNOT ACCESS THE COMMUNITY.**
- 2. ALTHOUGH THE COST OF PROPERLY MAINTAINING AND REPAIRING ROADS, SIDEWALKS AND DRAINAGE SYSTEMS CAN BE VERY HIGH, ONLY THE OWNERS OF HOMES AND LOTS IN THIS COMMUNITY WILL SHARE THESE EXPENSES. TAX DOLLARS WILL NOT BE USED. THE MEMBERS MUST ALSO PAY FOR THE COST OF LIABILITY INSURANCE AND TRAFFIC ENFORCEMENT ON THE COMMUNITY'S ROADS.**
- 3. UNDER FLORIDA LAW, NO REDUCTION IN YOUR TAX BURDEN WILL RESULT FROM LIVING IN THIS COMMUNITY.**
- 4. MEMBERS OF THIS COMMUNITY, THROUGH THEIR MANDATORY HOMEOWNERS' ASSOCIATION, MUST SET ASIDE ADEQUATE RESERVES TO PAY FOR STORM DEBRIS REMOVAL IN THE EVENT OF TORNADO, HURRICANE, OR OTHER MAJOR STORM EVENT, TO PROPERLY MAINTAIN, REPAIR AND REPLACE THE ROADS, SIDEWALKS, AND DRAINAGE SYSTEM, AND MUST HAVE A PROFESSIONAL ENGINEER REGULARLY INSPECT THE ROADS, SIDEWALKS AND DRAINAGE SYSTEM AND REPORT WHAT WORK IS NECESSARY TO MAINTAIN**

AND/OR REPAIR THEM. THE MANDATORY HOMEOWNERS' ASSOCIATION IS OBLIGATED TO DO THE NECESSARY WORK REPORTED AND THE MEMBERS OF THE HOMEOWNERS' ASSOCIATION PAY FOR THE WORK THROUGH THEIR ASSESSMENTS.

5. THE EXTRA EXPENSES YOU INCUR TO MAINTAIN THE ROADS, SIDEWALKS AND DRAINAGE IN YOUR COMMUNITY ARE IN ADDITION TO OTHER EXPENSES CHARGED BY YOUR HOMEOWNERS ASSOCIATION TO PAY FOR PRIVATE RECREATIONAL, SECURITY AND OTHER AMENITIES AND SERVICES THE COMMUNITY MAY OFFER, INCLUDING THE COMMUNITY'S GATES.

6. AS WITH ANY ASSESSMENT, THE FAILURE OR INABILITY TO PAY MAY LEAD TO A LIEN BEING PLACED ON YOUR HOME. IF A LIEN IS PLACED AND FORECLOSED, YOU COULD LOSE YOUR HOME.

7. THE HOMEOWNERS ASSOCIATION IS ALSO REQUIRED TO MAINTAIN LIABILITY INSURANCE ADEQUATE TO PAY CLAIMS FOR INJURIES AND PROPERTY DAMAGE ARISING ON THE PRIVATE ROADWAY, SIDEWALKS, DRAINAGE PONDS, AND OTHER COMMON AREAS IN THE NEIGHBORHOOD.

8. IF ORANGE COUNTY DETERMINES THAT THE COMMUNITY IS NOT MEETING ITS OBLIGATIONS, IT MAY REVOKE THE COMMUNITY'S PRIVILEGE TO CLOSE ITS GATES SO THAT THE ROADS IN THE COMMUNITY BECOME AVAILABLE FOR PUBLIC USE.

9. IF THE COMMUNITY FAILS TO MAINTAIN ITS ROADS, SIDEWALKS AND DRAINAGE SYSTEM, THE COUNTY MAY REQUIRE THAT THE GATES BE REMOVED. IN THE EVENT THE GATES ARE REMOVED, AND THE ASSOCIATION DEDICATES THE ROADS AND OTHER INFRASTRUCTURE TO THE COUNTY, ALL COSTS AND EXPENSES WHICH ORANGE COUNTY INCURS FOR SUCH MAINTENANCE ARE RECOVERABLE FROM THE COMMUNITY. FUNDS WHICH HAVE BEEN SET ASIDE BY THE COMMUNITY MAY BECOME THE PROPERTY OF ORANGE COUNTY, AND THE ROADS IN YOUR COMMUNITY SHALL PERMANENTLY BECOME OPEN TO THE PUBLIC. ORANGE COUNTY WILL NOT MAINTAIN YOUR RECREATIONAL, SECURITY AND OTHER AMENITIES UNDER ANY CIRCUMSTANCES.

10. BEFORE YOU SIGN A CONTRACT BE SURE THAT YOU RECEIVE WRITTEN INFORMATION ABOUT THE COSTS OF LIVING IN THIS COMMUNITY.

I HAVE READ AND UNDERSTAND THE DISCLOSURES PROVIDED IN THIS DISCLOSURE STATEMENT PRIOR TO EXECUTION OF A CONTRACT TO PURCHASE ANY LOT IN THE ISLES OF LAKE HANCOCK SUBDIVISION.

(e) As required pursuant to the Gated Community Ordinance, upon any default by the Association or the Developer in any requirements of either the Gated Community Ordinance or the Declaration required by the Gated Community Ordinance, the County, at its option and after due notice of its declaration of a default and a reasonable time to cure, may prohibit closure of the Development's gates and, upon dedication or conveyance of the rights-of-way to the County, assume responsibility for maintenance, using all Association monies on deposit in the routine-infrastructure-maintenance account and the several capital-repair accounts or, if no monies exist or if an insufficient amount exists, using such other revenues or financing methods

as the County may elect, including (but not limited to) special assessments against the Property lots, blocks, and tracts.

(f) As required pursuant to the Gated Community Ordinance, the Association shall carry an insurance policy insuring itself from liability for damages related to or arising in connection with the Development's streets, sidewalks, drainage system (including detention/retention areas). The minimum amount of insurance required shall be established by resolution of the Board of County Commissioners.

(g) As required pursuant to the Gated Community Ordinance, enforcement of traffic laws within the Development, as requested by the Association, shall be by the sheriff and all costs of enforcement incurred by the sheriff shall be paid by the Association.

(h) As required pursuant to the Gated Community Ordinance, in the event of a dispute between any Owner and the Developer, or between the Association and the Developer, with respect to the repair and maintenance of the Development's streets, sidewalks, and drainage system and/or funding for such maintenance and repair, such dispute may be resolved by non-binding mediation in accordance with the rule promulgated by the American Arbitration Association.

(i) As required pursuant to the Gated Community Ordinance, the Association, any Member, and any and all owners of land in the Development shall have the right jointly and severally to enforce against the Developer the requirements of this Section and the provisions of this Declaration, and the prevailing party shall be entitled to attorneys' fees and costs.

(j) As required pursuant to the Gated Community Ordinance, any Member of the Association and any and all Owners of land in the Development shall have the right to enforce against the Association the requirements of this Section and the provisions of this Declaration required by §34-290 of the Gated Community Ordinance, and the prevailing party shall be entitled to attorneys' fees and costs.

(k) As required pursuant to the Gated Community Ordinance, venue for any such enforcement action shall be in the Ninth Judicial Circuit of Florida, Orange County.

(l) As required pursuant to the Gated Community Ordinance, if and when the Property is annexed to a municipality, the rights and privileges inuring to the County's benefit under this article shall be deemed assigned to the municipality and shall inure automatically to the municipality's benefit.

(m) As required pursuant to the Gated Community Ordinance, any transfer of Subdivision Infrastructure (including the property on which the Subdivision Infrastructure is located) to the County or other governmental entity is prohibited without the concurrence of the Owners of two-thirds (or such higher percentage as the declaration may provide) of the Lots located within the Development.

(n) As required pursuant to the Gated Community Ordinance, each year the Association shall cause a financial report of the required Association accounts to be performed and prepared, and a copy of the report shall be submitted to each owner of property in the Development within the time frame required under the "Financial Reporting" requirements of Chapter 720, Florida Statutes. At a minimum, the report shall confirm the existence of each of the required Association accounts and report the amounts of deposits into and expenditures from

the account during the period year, along with an itemization of the expenditures from the required Association accounts. Finally, the financial report shall disclose whether any of the required Association accounts has on deposit less than the amount required under this Declaration.

6. Additional Property Subject to the Declaration. Pursuant to Article II, Sections 2 and 3, of the Declaration, Declarant hereby submits to the Declaration the following "Additional Property": Tract "M" of the Isles of Lake Hancock Phase II, as depicted on the plat thereof recorded in Plat Book 48, Pages 6-11, of the Public Records of Orange County, Florida. Notwithstanding the foregoing, the Additional Property shall be excluded from the provisions of Article VI, Section 14 of the Declaration, and Declarant shall be permitted to replat or further divide the Additional Property in any manner Declarant shall deem desirable. Pursuant to Declarant's power and authority under Article II, Section 3 and Article VI, Section 32 of the Declaration, Declarant shall be entitled to create lots smaller than one-half (1/2) acre on the Additional Property. It is the intent of the Declarant that upon recordation of this Third Amendment, all property described in the Phase III Plat shall be subject to the Declaration.

7. Additional Common Property. Tracts A, B, R-1, R-2, P-1, P-2 and P-3, as shown on the Phase III Plat, shall be deemed Common Property, as such term is defined in the Declaration and shall be owned and maintained as provided for therein.


8. Joinder of Additional Property Owners. As of the Third Amendment Effective Date, ownership of the Additional Property is divided as follows: (i) S and H Development Corp, a Florida corporation, as to a portion of Tract "M"; and (ii) Isles of Lake Hancock Homeowners Association, Inc., a Florida not for profit corporation, as to the remaining portion of Tract "M" (collectively, the "Additional Property Owners"). By execution hereof, the Additional Property Owners hereby join in and consent to the terms of this Third Amendment.

9. Effect of this Third Amendment. Except as modified by this Third Amendment, the Declaration remains unmodified, and in full force and effect. In the event of any inconsistency or conflict between the terms of this Third Amendment and the terms of the Declaration, including, but not limited to, Article IV and V of the Declaration or the other governing documents of the Association, the terms of this Third Amendment shall control, but only as necessary to resolve any such inconsistency or conflict.

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IN WITNESS WHEREOF, Declarant has executed this Third Amendment as of the date written below (the "Third Amendment Effective Date").

Signed, sealed and delivered in the presence of:


 Print Name: Diana Moussalli
Vernon Priest
 Print Name: Vernon Priest

DECLARANT:


THE RYLAND GROUP, INC., a Maryland corporation

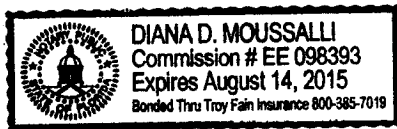
By: 
 Name: David Baselice
 Title: Operational VP
 DATED: 6/23/14

STATE OF Florida)
 COUNTY OF Orange)

The foregoing instrument was acknowledged before me this 23 day of June, 2014, by David Baselice, the Operational VP of THE RYLAND GROUP, INC., a Maryland corporation, on behalf of said entity. He (check appropriate box) ☒ is personally known to me or ☐ has produced his State of _____ driver's license as identification.

(NOTARY SEAL OR STAMP)


 Name: Diana D. Moussalli
 Title: Notary Public
 My Commission Expires: 8-14-15



Signatures Continue on Following Pages

Signed, sealed and delivered in the presence of:

Print Name: PODEARY

Print Name: Adrian Woods

ADDITIONAL PROPERTY OWNERS:

S and H Development Corp., a Florida corporation

By: Casey Herlihy

Name: Casey Herlihy

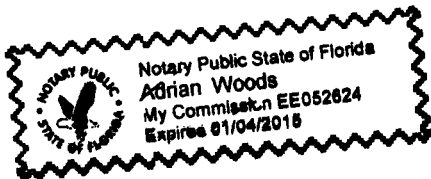
Title: President

DATED: 6/23/14

STATE OF FLORIDA)
COUNTY OF ORANGE)

The foregoing instrument was acknowledged before me this 23 day of JUNE, 2014, by Casey Herlihy, the President of **S and H Development Corp.**, a Florida corporation, on behalf of said entity. He (check appropriate box) ☒ is personally known to me or ☐ has produced his State of _____ driver's license as identification.

(NOTARY SEAL OR STAMP)



Name: Adrian Woods

Title: Notary Public

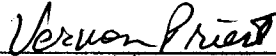
My Commission Expires: 1/4/15

Signatures Continue on Following Pages

Signed, sealed and delivered in the presence of:




Print Name: Diana Moussalli



Print Name: Vernon Priest

Isles of Lake Hancock Homeowners Association, Inc., a Florida not for profit corporation

By: 

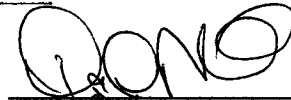
Name: Richard Rosello

Title: President

DATED: 6/23/14

STATE OF Florida)
COUNTY OF Orange)

The foregoing instrument was acknowledged before me this 23 day of June 2014, by Richard Rosello, the President of **Isles of Lake Hancock Homeowners Association, Inc., a Florida not for profit corporation**, on behalf of said entity. He (check appropriate box) ☒ is personally known to me or ☐ has produced his State of _____ driver's license as identification.



Name: Diana D. Moussalli

Title: Notary Public

My Commission Expires: 8-14-15

(NOTARY SEAL OR STAMP)

