

THIS INSTRUMENT WAS PREPARED BY
AND SHOULD BE RETURNED TO:

William A. Beckett, Esq.
Lowndes, Drosdick, Doster, Kantor
& Reed, Professional Association
215 North Eola Drive
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CL 2005093691 OR 2760/934
DME Date 04/20/2005 Time 14:37:36

**FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR SOUTHPORT BAY PHASE I**

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS SOUTHPORT BAY PHASE I (this "Amendment") is made this 18th day of April, 2005 by THE GREATER CONSTRUCTION CORP., a Florida corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant executed and recorded that certain Declaration of Covenants, Conditions and Restrictions for Southport Bay Phase I, dated January 25, 2005 and recorded on January 27m 2005 in Official Records Book 2689, at Page 1724, of the Public Records of Osceola County, Florida (hereinafter referred to as the "Declaration"); and

WHEREAS, the Declaration encumbers and is applicable to certain property located in Osceola County, Florida as further described therein (hereinafter referred to as the "Property"); and

WHEREAS, Article IX, Section 9.2 of the Declaration provides, in relevant part, that the Declaration may be amended by an instrument signed by the owner(s) of the majority of the total cumulative votes of the Membership, but not requiring a specified number of votes of Members Entitled to Vote in each class; and in any event, so long as Declarant is the Owner of one (1) or more Lots within the Property, this Declaration may be amended by only Declarant (without the consent of any other party) to clarify ambiguities and scrivener's errors or for reasons which benefit the Property as determined by Declarant, in its reasonable discretion; and

WHEREAS, Declarant is the Owner of one (1) or more Lots within the Property and Declarant seeks to amend the Declaration for a reason which benefits the Property as determined by Declarant; and

WHEREAS, the Declarant now desires to amend the Declaration to provide further restrictions on the use of signs on the Property and to correct the reference to the water management district.

NOW, THEREFORE, the Declarant hereby declares that the Declaration is amended as follows:

1. The above recitals are true and correct and are hereby incorporated by reference. In the event of any conflict between the terms of the Declaration and the terms of this Amendment, the terms of this Amendment shall control.

2. Except as may be expressly stated otherwise herein, capitalized terms used in this Amendment shall have the same meaning ascribed to them in the Declaration.

3. Section 6.9 is hereby amended as follows:

6.9 No sign of any kind shall be displayed to the public view on any lot, except one (1) professional sign of not more than one (1) square foot, one (1) sign of not more than five (5) square feet advertising the property for sale or rent, or signs used by a builder to advertise the property during the construction and sale period. Notwithstanding the foregoing, so long as Declarant continues to sell Lots and construct Residences, no sign of any kind is permitted to be erected on any Lot until such time that the Declarant ceases to sell Lots and Residences. However a sign meeting the foregoing qualifications may be erected on a particular Lot if Declarant provides its express written consent to erect such a sign.

4. Section 9.11 is hereby amended as follows:

9.11 Dissolution of Association. In the event of a permanent dissolution of the Association or the Master Association, (i) all assets of the Association or the Master Association shall be conveyed to a non-profit organization with similar purposes and acceptable to the South Florida Water Management District, or (ii) all Association or Master Association assets may be dedicated to Osceola County, Florida or any applicable municipal or other governmental authority. Said successor non-profit organization or governmental entity shall pursuant to this Declaration provide for the continued maintenance and upkeep of the Common Area, including without limitation the surface water management system and the Property and such other property as may be contemplated herein.

5. Except as modified herein, the Declaration shall in all other respects remain in full force and effect.

[Signatures and acknowledgement appear on next page]

IN WITNESS WHEREOF THE GREATER CONSTRUCTION CORP., a Florida corporation, has caused these presents to be executed in manner and form sufficient to be binding this 18 day of April, 2005.

Signed, sealed and delivered in the presence of the following witnesses:

Roxane N Stratton

Signature of Witness

Roxane H Stratton

Printed Name of Witness

Laura L Domenech

Signature of Witness

LAURA L. DOMENECH

Printed Name of Witness

"DECLARANT"

THE GREATER CONSTRUCTION CORP., a Florida corporation

By: Charles W. Gregg
Charles W. Gregg, President

STATE OF FLORIDA

COUNTY OF SEMINOLE

The foregoing instrument was acknowledged before me this 18 day of April, 2005 by CHARLES W. GREGG, as President of THE GREATER CONSTRUCTION CORP., a Florida corporation, on behalf of the corporation. He is personally known to me or has produced _____ as identification.



Roxane H Stratton
My Commission DD186018
Expires April 01, 2007

Roxane N Stratton

Notary Public, State of Florida

Print Name: Roxane H Stratton

Commission No.:

My Commission Expires:

LARRY WHALEY
OSCEOLA COUNTY, FLORIDA
CLERK OF CIRCUIT COURT

25P

This instrument was prepared by
and should be returned to:
William A. Beckett, Esquire
Lowndes, Drosdick, Doster, Kantor
& Reed, Professional Association
215 North Eola Drive
Orlando, Florida 32801
(407) 843-4600

CL 2005022188 OR 2689/1724
LMC Date 01/27/2005 Time 10:50:26

**DECLARATION OF CONDITIONS, COVENANTS,
EASEMENTS, AND RESTRICTIONS FOR
SOUTHPORT BAY PHASE I**

THIS DECLARATION is made this 25 day of January, 2005, by THE GREATER CONSTRUCTION CORP., a Florida corporation, whose address is 1105 Kensington Park Drive, Altamonte Springs, Florida, 32714, and joined by Arnco Land Company, LLC, a Florida limited liability company, whose mailing address is Post Office Box 450037, Kissimmee, Florida 34741, which declare hereby that the "Property" described in Article II of this Declaration is and shall be held, transferred, sold, conveyed, and occupied subject to the covenants, restrictions, easements, charges, and liens hereinafter set forth.

ARTICLE I
DEFINITIONS

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

1.1 "Additional Property" shall mean and refer to those portions of land not herein described which may be owned by Declarant at the time of the annexation which is not initially included among the Property encumbered hereby but which may be included among the Property in the future upon Declarant's execution and recordation of a supplemental declaration in accordance with Article II below.

1.2 "Assessment" means and refers to a share of the funds required for payment of the expenses of the Association and the Master Association, which funds shall be assessed against a Lot and its Owner from time to time.

1.3 "Association" means and refers to SOUTHPORT BAY PHASE I HOMEOWNERS' ASSOCIATION, INC., a Florida corporation not for profit, its successors and assigns.

1.4 "Board of Directors" means and refers to the board of directors of the Association.

1.5 "Common Area" means and refers to all real property (including the improvements thereto) and all personal property owned by the Association and tracts of land, if any, shown or drawn on a Plat as owned or to be owned by the Association for the common use,
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enjoyment, and benefit of the Owners and all property designated as common areas in any future recorded supplemental declaration (but not including any tract dedicated on a Plat to Osceola County, Florida or another public utility provider); together with the landscaping and any improvements thereon, including, without limitation, all structures, open space, conservation areas, recreation areas, retention areas, masonry walls, walkways, entrance features, signs, and street lights, if any, but excluding any public utility installations thereon. Certain of the Common Area may be shown as tracts on the Plat.

1.6 "Declaration" means and refers to this Declaration of Conditions, Covenants, Easements, and Restrictions for Southport Bay Phase I as recorded in the Public Records of Osceola County, Florida, and as the same may be amended and supplemented from time to time.

1.7 "Declarant" means and refers to The Greater Construction Corp., a Florida corporation, and its successors and assigns, by virtue of such written instruments assigning the rights and obligations of Declarant hereunder recorded in the Public Records of Osceola County, Florida. Upon recordation of any such assignment, the initial Declarant shall be released and absolved from any obligations on the part of the Declarant as may arise by or through this Declaration. A Lot purchaser, Lot Owner or Lot mortgagee shall not be deemed to be the Declarant by the mere act of purchase or mortgage of a Lot.

1.8 "Drainage Easements" means and refers to the drainage easements declared and reserved on a Plat.

1.9 "Entitled To Vote" means and refers to that Lot Owner who shall cast a vote for a Lot at an Association and Master Association meeting. If more than one person or legal entity shall own any Lot, the Owners thereof shall determine among themselves who shall be the Member Entitled To Vote. Said determination shall be manifested upon a voting certificate, signed by all Owners of said Lot and given to the Association and Master Association Secretary for placement in the Association and Master Association records. Notwithstanding anything contained herein to the contrary, all Lot Owners, whether Entitled To Vote or not, are assured of all other privileges, rights, and obligations of Association and Master Association membership and shall be Members of the Association and Master Association. In no event shall any mortgagee or other party holding any type of security interest in a Lot or the Residence constructed thereon be Entitled To Vote for purposes hereof, unless and until any of said parties obtain or receive fee simple title to such Lot.

1.10 "Institutional Lender" or "Institutional Mortgagee" means and refers to a bank, savings and loan association, insurance company, mortgage company, real estate investment trust, pension fund, pension trust or any other generally recognized institutional-type lender or its loan correspondent, the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), the Federal Housing Administration (FHA) or the Veteran's Administration (VA) and to any successor or assignee thereof.

1.11 "Lot" means and refers to any Lot on a Plat of portions of the Property and any other property hereafter declared as a Lot by the Declarant and thereby made subject to this Declaration.

1.12 "Master Association" means and refers to Southport Bay Master Homeowners' Association, Inc., a Florida corporation not for profit, its successors and assigns.

1.13 "Member" means and refers to all those Owners who are Members of the Association and the Master Association as provided in Article III hereof.

1.14 "Owner" means and refers to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon the Property including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.15 "Plat" means and refers to the plat of Southport Bay, as recorded in the Public Records of Osceola County, Florida, together with any plat of additional land made subject to this Declaration and to the jurisdiction of the Association. Phase I is considered Lots 1 through 65 on the plat of Southport Bay.

1.16 "Property" or "Properties" means and refers to the property as described in Section 2.1 of this Declaration, and additions thereto, as are now or hereafter made subject to this Declaration and to the jurisdiction of the Association, except such as are withdrawn from the provisions hereof in accordance with the procedures hereinafter set forth.

1.17 "Residence" means and refers to any residential building constructed on a Lot for which a certificate of occupancy has been duly issued.

ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION;
ADDITIONS THERETO

2.1 Legal Description. The real property which, initially, is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration is located in Osceola County, Florida, and is more particularly described as follows:

Lots 1 through 65, inclusive, of SOUTHPORT BAY, according to the plat thereof, as recorded in Plat Book 17, Pages 25 and 26, of the Public Records of Osceola County, Florida,

all of which real property, and all additions thereto, is herein referred to collectively as the "Property."

2.2 Supplements. So long as the Class B membership (as herein defined) shall exist, Declarant may from time to time bring all or any portions of the Additional Property under the provisions hereof by recorded supplemental declarations (which shall not require the consent of then existing Owners or the Association or any mortgagee) and thereby add to and include all or such portions of the Additional Property as part of the Property subject to this Declaration. To the extent that additional real property shall be made a part of the Property as a common scheme, reference herein to the Property should be deemed to be a reference to all of such additional property where such reference is intended to include property other than that legally described

above. Nothing herein, however, shall obligate the Declarant to add to the initial portion of the Property, to develop any such future portions under such common scheme, nor to prohibit the Declarant from rezoning and/or changing the development plans with respect to such future portions and/or the Declarant from adding additional or other property to the Property under such common scheme. All Owners, by acceptance of a deed to their Lots, thereby automatically consent to any such rezoning, change, addition or deletion thereafter made by Declarant and shall evidence such consent in writing if requested to do so by the Declarant at any time.

ARTICLE III.
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION AND THE MASTER
ASSOCIATION

3.1 Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot shall be a Member of the Association and the Master Association. Notwithstanding anything else to the contrary set forth in this Section 3.1, any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member of the Association or the Master Association. Membership in the Association and the Master Association shall be appurtenant to each Lot and may not be separated from ownership of said Lot. The record title holder to each Lot shall automatically become a Member of the Association and the Master Association and shall be assured of all rights and privileges thereof upon presentation of a photostatically or otherwise reproduced copy of said Owner's deed to the Association Secretary for placement in the records of both the Association and the Master Association. To the extent that said deed shall pass title to a new Lot Owner from an existing Lot Owner, membership in the Association shall be transferred from the existing Lot Owner to the new Lot Owner. In no event shall any mortgagee or other party holding any type of security interest in a Lot or the Residence constructed thereon be a Member of the Association unless and until any of said parties obtain or receive fee simple title to such Lot.

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

Class A. Class A Membership shall be all Owners of Lots (except the Declarant and its successors and assigns, and Arneo Land Company, LLC, as long as the Class B membership shall exist, and thereafter, the Declarant and its successors and assigns shall be Class A Members to the extent each would otherwise qualify). Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interests required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, but the vote for such Lot shall be exercised only by that one person who is Entitled To Vote. In no event shall more than one vote be cast with respect to any such Lot.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to nine (9) votes for each Lot owned by the Class B Member, and for each Lot subject to binding Contract to purchase between Declarant and Arneo Land

Company, LLC. The Class B membership shall cease and terminate (i) at such time as ninety percent (90%) of the maximum number of Residences allowed for both the Property and Additional Property have been conveyed to Class A Members, or (ii) sooner if required by the provisions of Chapter 617, Florida Statutes, or at the election of the Declarant, whereupon the Class A Members shall be obligated to elect the Board of Directors and assume control of the Association. Upon termination of the Class B membership as provided for herein, the Class B membership shall convert to Class A membership with voting strength as set forth above for Class A membership. Notwithstanding anything to the contrary contained in this Declaration, all Lots owned by Arco Land Company, LLC and under contract to the Declarant shall be deemed owned by Declarant for purposes of voting rights hereunder, such that Declarant shall be entitled to exercise nine (9) votes for each such Lot, and Arco Land Company, LLC shall not exercise any votes in the Association, unless it becomes successor to Declarant.

3.3 General Matters. When reference is made herein, or in the Articles of Incorporation, Bylaws, Rules and Regulations, management contracts or otherwise, to a majority or specific percentage of Members, such reference shall be deemed to be reference to a majority or specific percentage of the votes of Members Entitled To Vote and not of the Members themselves.

3.4 Master Association. The sole purpose of the Master Association shall be the maintenance of joint infrastructure, linear park, lawn and landscaping and similar facilities following construction and installation by the developer, as such items are intended to be installed and maintained for the benefit of the entire Southport Bay subdivision, and collection of assessments to pay for such maintenance. The Master Association shall ultimately assess all lots in the Southport Bay community on a pro rata basis according to the total number of lots included in the Southport Bay community following replatting of Tract F into single family residential lots, as set forth in that certain Memorandum of Formation of Southport Bay Master Homeowners Association, Inc. to be recorded in the Public Records of Osceola County, Florida. Voting rights shall be determined upon formation of the Master Association, with notice to be provided to all members.

ARTICLE IV.

PROPERTY RIGHTS IN THE COMMON AREAS; OTHER EASEMENTS

4.1 Members Easements. Each Member, and each tenant, agent and invitee of such Member or tenant, shall have a nonexclusive permanent and perpetual easement over and upon the Common Area for the intended use and enjoyment thereof in common with all other such Members, their tenants, agents, and invitees, in such manner as may be regulated by the Association.

Without limiting the generality of the foregoing, such rights of use and enjoyment are hereby made subject to the following:

A. The right and duty of the Association and the Master Association to levy Assessments against each Lot for the purpose of maintaining the Common Area and facilities in compliance with the provisions of this Declaration and with the restrictions on the Plats of portions of the Property from time to time recorded;

B. The right of the Association and the Master Association to suspend the Member's and/or Owner's voting rights for any period during which any Assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of lawfully adopted and published rules and regulations;

C. The right of the Association and the Master Association to adopt at any time and from time to time and enforce rules and regulations governing the use of the Lots and Common Area and all facilities at any time situated thereon, including the right to fine Owners and Members as hereinafter provided. Any rule and/or regulation so adopted shall apply until rescinded or modified as if originally set forth at length in this Declaration; and

D. The right to the use and enjoyment of the Common Area and facilities thereon shall extend to all permitted user's immediate family who reside with him subject to regulation from time to time by the Association in its lawfully adopted and published rules and regulations.

4.2 Easements Appurtenant. The easements provided in Section 4.1 shall be appurtenant to and shall pass with the title to each Lot.

4.3 Maintenance. The Association and the Master Association shall at all times maintain in good repair and manage, operate, and insure, and shall replace as required, the Common Area, together with the paving, drainage structures, masonry walls, lighting fixtures and appurtenances, landscaping, sprinkler systems, entrance markers and features, signs, improvements and other structures that may (but will not necessarily) be installed by the Declarant, Association, or the Master Association situated on the Common Area, if any. In order to maintain, manage, and operate the Common Area, and such appurtenances as are described above, the Association shall have the right and authority to enter into such contracts or agreements (including without limitation agreements with the Declarant) as the Board of Directors of the Association and/or the Master Association deem appropriate. Maintenance of any lighting fixtures shall include and extend to payment for all electricity consumed in their illumination. Without limiting the generality of the foregoing, the Association and/or the Master Association shall assume all of Declarant's responsibility to Osceola County of any kind with respect to the Common Area and shall indemnify and hold the Declarant harmless with respect thereto.

Each Owner shall be responsible for the maintenance, replacement, and repair of all walls, gates, paving, drainage facilities, structures and improvements located on his Lot, other than those specifically provided to be maintained by the Association.

All work pursuant to this Section and all expenses incurred hereunder shall be paid for by the Association and/or the Master Association through Assessments (either general or special)

imposed in accordance herewith. No Owner may waive or otherwise escape liability for Assessments by non-use of the Common Area or Lots or abandonment of the right to use the Common Area.

4.4 Utility Easements. The Association shall have the right to grant permits, licenses, and easements over the Common Area for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property. In addition, easements over, upon, under, through and across the Common Area are reserved to the Association and the Declarant, and may be declared or granted from time to time by the Declarant during any period that the Declarant shall own at least one (1) Lot, for such further utility, egress, ingress, or drainage easements over and across the Property as may be required from time to time to serve any other or additional lands during the course of development of same, whether such additional lands become subject to the jurisdiction of the Association and part of the Property or not. Regarding any easement declared by the Declarant, the joinder of the Association or any Lot Owner or Lot Owner's mortgagee shall not be required.

4.5 Drainage Easements. Drainage Easements have been declared and reserved as shown on and created by the Plat. Each Owner of any Lot encumbered by a Drainage Easement upon which a drainage swale is located shall be solely responsible for the repair, replacement, and maintenance of such drainage swale. Alteration, obstruction or removal of any drainage swales or drainage control facilities or structures is expressly prohibited. In the event any Owner fails to repair, replace, and maintain any drainage swales, or alters or obstructs any piping, drainage swales, facilities or structures, the Association may repair, replace, and maintain such drainage swales, facilities, and structures and assess such Owner for the costs and expenses incurred in order to accomplish the foregoing. Each Owner hereby grants an easement and license to the Declarant and the Association over, upon, and across such Owner's Lot in order to facilitate and accomplish the foregoing. Further, no Owner shall place, erect or construct any improvements or otherwise permit anything to occur within any Drainage Easement area that would in any way effect said Drainage Easement or any swale, pipe or drainage control facility or structure located therein or thereon, unless, in the event of construction of any improvements, such improvements have been approved by Declarant or the ACC (as hereinafter defined).

4.6 Ownership. In accordance with the dedication set forth on the Plat, the Common Area is hereby dedicated non-exclusively to the joint and several use, in common, of the Owners of all Lots that may from time to time constitute part of the Property and such Owners' tenants, guests, and invitees. Declarant shall convey the Common Area to the Association, which shall accept such conveyance. Beginning on the date this Declaration is recorded, the Association shall be responsible for the maintenance of the Common Area (whether or not then conveyed to the Association), such maintenance to be performed in a continuous and satisfactory manner. It is intended that all real estate taxes and assessments, if any, assessed against that portion of the Common Area owned or to be owned by the Association shall be proportionally assessed against and payable as part of the taxes of the Lots within the Property. However, in the event that, notwithstanding the foregoing, any such taxes are assessed directly against the Common Area, the Association shall be responsible for the payment of the

same, including taxes on any improvements and any personal property located thereon, which taxes accrue from and after the date this Declaration is recorded.

4.7 Conservation Easements. Declarant reserves the right to grant conservation easements and development rights to qualified grantees, including without limitation, Osceola County, Florida, and/or the South Florida Water Management District, over, upon, and across the Common Area. There shall be no construction, clearing or grading in any area that is encumbered by a conservation easement, without approval from applicable governmental entities including Osceola County, Florida.

4.8 Declarant Offices. Notwithstanding anything herein to the contrary, but subject to approval by Osceola County, if required by its laws and ordinances, the Declarant shall have the specific right to maintain upon any portion of the Property sales, administrative, construction or other offices without charge, and appropriate easements of access and use are expressly reserved unto the Declarant and its successors, assigns, employees and contractors, for this purpose.

4.9 Sidewalks. Public sidewalk easements, if any, may be referred to on the Plat(s) or created by separate instrument.

ARTICLE V.
ASSOCIATION-COVENANT
FOR MAINTENANCE ASSESSMENTS

5.1 Creation of the Lien and Personal Obligations of the Assessments. Except as provided elsewhere herein, the Declarant (and each party joining in this Declaration or in any supplemental declaration), for all Lots within the Property, hereby covenants and agrees, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association and the Master Association annual Assessments or charges for the maintenance, management, operation, and insurance of the Common Areas and other properties that may be otherwise used for the benefit of the Property as provided elsewhere herein, including such reasonable reserves as the Association and the Master Association may deem necessary, capital improvement Assessments, as provided elsewhere herein and all other charges and Assessments hereinafter referred to, all such Assessments to be fixed, established and collected from time to time as herein provided. In addition, individual assessments may be levied against particular Owners and Lots for expenses incurred against particular Lots and/or Owners to the exclusion of others and other charges against specific Lots or Owners as contemplated in this Declaration. The annual, special, and other Assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. Each such Assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person who is the Owner of such property at the time when the Assessment fell due. Except as provided herein with respect to individual Assessments that may be imposed on one or more Lots and Owners to the exclusion of others, all Assessments imposed by the Association and the Master Association shall be imposed against all Lots subject to its jurisdiction equally. Reference herein to Assessments shall be understood to include reference to any and all of said charges whether or not specifically mentioned.

5.2 Purpose of Assessments. The regular Assessments levied by the Association shall be used exclusively for payments and purposes described herein and in paragraph 5.1 above and for operation, maintenance, repair, renovation, and construction upon the Common Areas, including without limitation the drainage tracts located within the Property, and the maintenance and repair of such other properties as may be used for the benefit of the Property, as specifically provided herein, capital improvements, reserves, operating costs of the Association and/or the Master Association and to promote the health, safety, welfare, and aesthetics of the Members of the Association and their families residing with them, their guests and tenants, all as provided for herein.

5.3 Reserves for Replacement. The Association may establish and maintain a reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Area. The reserve fund may be maintained from annual Assessments. Notwithstanding the foregoing, if the Declarant elects to pay the amount of any deficits incurred by the Association or the Master Association for expenses in excess of the amounts collected as

Assessments, in accordance with the provisions of Section 5.14 of this Declaration, then the Declarant shall not be required to contribute to a reserve fund.

5.4 Initiation Fee; Initial Assessment Payment. Upon the initial closing of the sale or the occupation of a Residence, the buyer (or Owner) of such Residence shall pay to the Association an initiation fee of FIFTY AND NO/100 DOLLARS (\$50.00), together with an amount equal to the prorated balance of the annual assessment of the Association for such Lot, based upon the remainder of the year following the date of closing. Said amounts shall not be considered as advance payment of annual Assessments for the following year.

5.5 Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the annual assessment shall be THREE HUNDRED AND NO/100 DOLLARS (\$300.00) per Lot.

A. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year, upon approval by a majority of the Board of Directors without a vote of the Membership, by an amount not greater than fifteen percent (15%) above the maximum assessment for the previous year.

B. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased by an amount greater than fifteen percent (15%) above the maximum assessment for the previous year, as hereinabove provided, upon approval of a majority of the total cumulative vote of the Members voting in person or by proxy at a meeting duly called for such purpose.

C. The Board of Directors may fix the annual Assessment at an amount not in excess of the maximum.

5.6 Exterior Maintenance. The Owner of each Lot shall maintain the exterior of the Residence and the Lot. Upon the Owner's failure to do so, the Association may at its option, after giving the Owner a thirty (30) day written notice sent to his last known address, or to the address of the subject premises, perform such reasonable maintenance and make such repairs as may be required to restore the neat and attractive appearance of the Lot and the exterior of the Residence located thereon. The cost of any of the work performed by the Association upon the Owner's failure to do so, plus an administrative fee of twenty-five percent (25%) of the cost of work performed, shall be immediately due and owing from the Owner of the Lot and shall constitute an individual Assessment against the Lot on which the work was performed, collectible in a lump sum and secured by the lien against the Lot as herein provided. No bids need to be obtained by the Association for any such work and the Association shall designate the contractor(s) in its sole discretion.

5.7 Capital Improvements. Funds necessary for the addition of capital improvements (as distinguished from repairs and maintenance) relating to the Common Area or other properties used for the benefit of the Property and which have not previously been collected as reserves or are otherwise available to the Association shall be levied by the

Association as special Assessments only upon approval by a majority of the total cumulative vote of the Members voting in person or by proxy at a meeting duly called for such purpose.

5.8 Notice and Quorum for Any Action Authorized Under Sections 5.5 and 5.7. Written notice of any meeting called for the purpose of taking any action authorized under Sections 5.5 or 5.7 shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast fifty percent (50%) of the total cumulative vote of the Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than ninety (90) days following the preceding meeting.

5.9 Date of Commencement of Annual Assessments; Due Dates. The annual Assessments provided for in this Article shall commence on the first day of the month next following the recordation of these covenants and shall be applicable through December 31 of such year. Each subsequent annual Assessment shall be imposed for the year beginning January 1 and ending December 31. The annual Assessments shall be payable in advance by one (1) annual payment, or by monthly, quarterly or biannual installments in the discretion of the Board of Directors of the Association and/or the Master Association. At the time of the closing of the sale of any Lot, the purchaser thereof shall pay to the Association and/or the Master Association an amount equal to the lesser of: (i) the full annual Assessment multiplied by a fraction, the numerator of which is the number of days remaining in the year of closing (including the date of closing) and the denominator of which is 365, or (ii) the portion of the full annual Assessment otherwise due and owing for the remainder of the year. The due date of any special Assessment shall be fixed in the Board of Directors resolution authorizing such assessment.

5.10 Certain Duties of the Board of Directors. The Board of Directors of the Association and/or the Master Association shall fix the date of commencement and the amount of the Assessment against each Lot subject to the Association's and the Master Association jurisdiction for each assessment period, to the extent practicable, at least thirty (30) days in advance of such date or period, and shall, at that time, prepare a roster of the Lots and Assessments applicable thereto which shall be kept in the office of the Association and the Master Association and shall be open to inspection by any Owner. Written notice of the Assessment shall thereupon be sent to every Owner subject thereto thirty (30) days prior to payment of the first installment or full payment thereof, as required in the discretion of the Board of Directors of the Association and/or the Master Association, except as to emergency Assessments. Subject to other provisions hereof, the Association and the Master Association shall upon demand at any time furnish to any Owner liable for an Assessment a certificate in writing signed by an officer of the Association and the Master Association, setting forth whether such assessment has been paid as to any particular Lot. Such certificate shall be conclusive evidence of payment of any Assessment to the Association and/or the Master Association therein stated to have been paid. The Association may charge a reasonable fee for such certificate. The Association and the Master Association, through the action of its Board of Directors, shall have the power, but not the obligation, to enter into an agreement or agreements from time to time

with one or more persons, firms or corporations (including affiliates of the Declarant) for management services or for other services beneficial to the Association, the Master Association, or the proper operation and maintenance of the Property. The Association and the Master Association shall have all other powers provided elsewhere herein, in its Articles of Incorporation and its Bylaws.

5.11 Effect of Non-Payment of Assessment; the Personal Obligation; the Lien; Remedies of the Association. If the Assessments (or installments), whether general or special, or individual, are not paid on the date(s) when due (being the date(s) specified herein), then such Assessments (or installments) shall become delinquent (and, at the option of the Declarant, all general Assessments attributable to the Lot for the existing fiscal year shall be accelerated and shall become immediately due and payable) and shall, together with late charges, interest, and the costs of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot that shall bind such property. Each Assessment against a Lot shall also be the personal obligation of the Owner at the time the Assessment fell due.

If any installment of an Assessment is not paid within fifteen (15) days after the due date, at the option of the Association or the Master Association, a late charge not greater than ONE HUNDRED AND NO/100 DOLLARS (\$100.00) may be imposed and all such sums including administrative fees, costs and all charges shall bear interest from the dates when due until paid at the highest lawful rate, and the Association and/or Master Association may bring an action at law against the Owner(s) personally obligated to pay the same or may record a claim of lien against the Lot on which the assessments and late charges are unpaid and may foreclose the lien against the Lot on which the assessments and late charges are unpaid, or may pursue one or more of such remedies at the same time or successively. The Association and the Master Association shall also have the right to recover its attorneys' fees (including paralegal fees) and costs, including without limitation costs and expenses for consultation with an attorney because any such sums have not been paid, and costs and expenses charged by such attorney for services related in any way to the failure by an Owner to pay such sums (such as without limitation fees for telephone calls, preparation of correspondence, attendance at meetings, etc.), whether or not suit is filed. Further, in addition to the foregoing, in the event suit is filed, the Association and the Master Association shall have the right to recover all attorneys' fees, paralegals' fees, and costs incurred before trial, at trial, and upon all appellate levels.

Neither the Association nor the Master Association intends to collect or receive interest in excess of the maximum legal rate permitted under applicable usury laws. In the event the Association, the Master Association, or any court determines that any charge, fee or interest paid or agreed to be paid in connection with Article V hereto may, under applicable usury laws, cause the interest rate to exceed the maximum rate permitted by law, then such charges, fees or interest shall be reduced to the maximum rate permitted by law and any amounts actually paid in excess of such maximum rate permitted by law shall be repaid directly to the Owner.

In addition to the rights of collection stated above, if any installment of an Assessment is not paid within fifteen (15) days after the due date, the Board of Directors of the Association and/or the Master Association may impose a fine on the Lot for which the Assessment was not

paid (and the fine shall also be the personal obligation of the Owner). The fine shall be imposed by either Board of Directors at a duly called meeting in accordance with the respective Bylaws of the Association and the Master Association, and notice of the fine shall be sent to the Owner by certified mail, return receipt requested, postage prepaid. The Owner may appeal the fine to the applicable Board of Directors in accordance with reasonable procedures prescribed by that Board of Directors from time to time. The determination of the Board of Directors with respect to any such appeal shall be final.

If any such fine is not timely paid, then the fine, together with reasonable costs of collection thereof as provided herein, shall, at the option of the Association and/or the Master Association, as applicable, become a continuing lien on the Lot which shall bind such Lot. Additionally, the fine shall also be the personal obligation of the Owner at the time the fine is assessed.

The Association and/or the Master Association may, at its option, bring an action at law against the Owner personally obligated to pay the fine or may record a claim of lien against the Lot for which the fine is unpaid, and may foreclose the lien against the Lot on which the fine is unpaid or may pursue one or more such remedies and any and all other available remedies at the same time or successively.

In addition to the rights of collection of Assessments stated in this Section, any and all persons acquiring title to or an interest in a Lot as to which the Assessment is delinquent, including without limitation persons acquiring title by operation of law and by judicial sales, shall not be entitled to the occupancy of such Lot or the enjoyment of the Common Area until such time as all unpaid and delinquent Assessments due and owing from the selling Owner have been fully paid. No sale or other disposition of Lots shall be permitted until an estoppel letter is received from the Association and/or the Master Association acknowledging payment in full of all Assessments and other sums due; provided, however, that the provisions of this sentence shall not be applicable to the mortgagees and purchasers contemplated by Section 5.12 of this Article.

It shall be the legal right of the Association and the Master Association to enforce payment of the Assessments hereunder. Failure of the Association and/or the Master Association to send or deliver bills shall not, however, relieve Owners from their obligations hereunder.

5.12 Subordination of the Lien. The lien of the assessments provided for in this Article shall be subordinate to the lien of any first mortgage to any Institutional Lender and which is now or hereafter placed upon any property subject to Assessment; provided, however, that any such mortgagee when in possession or any receiver, and in the event of a foreclosure, any purchaser at a foreclosure sale, and any such mortgagee acquiring a deed in lieu of foreclosure, and all persons claiming by, through or under such purchaser or mortgagee, shall hold title subject to the liability and lien of any Assessment coming due after such foreclosure (or conveyance in lieu of foreclosure). Any unpaid Assessment that cannot be collected as a lien against any Lot by reason of the provisions of this Section shall be deemed to be an Assessment divided equally among, payable by and a lien against all Lots subject to Assessment by the Association and/or the Master Association, as applicable, including the Lots as to which the

foreclosure (or conveyance in lieu of foreclosure) took place. Failure to pay assessments shall not constitute a default under any first mortgage to an Institutional Lender unless the First Mortgage so provides.

5.13 Collection of Assessments. The Association and/or the Master Association shall collect the Assessments of the Association and the Master Association. Mortgagees are not required to collect assessments.

5.14 Effect on Declarant. Notwithstanding any provision that may be contained to the contrary in this Declaration or the Articles of Incorporation or Bylaws of the Association or the Master Association, for as long as Declarant or its successors or assignees, from time to time, is the Owner of any Lot on which a Residence has not yet been constructed, the Declarant shall be liable for the full Assessments against each Lot so owned; provided, however, the Declarant, in its sole discretion, may elect in any given assessment year, in lieu of payment of the full Assessments for each such Lot, to pay the amount of any deficits incurred by the Association or the Master Association for expenses incurred in excess of the amounts collected as Assessments. In such event, Declarant shall not be required to fund reserves. For purposes hereof, the existence, or nonexistence of a deficit for the Association or the Master Association shall be determined on cash basis accounting instead of accrual basis. When Declarant has sold and conveyed all its Lots in the Property, Declarant shall not have further liability of any kind to the Association for the payment of Assessments or for funding any deficits of the Association or the Master Association.

ARTICLE VI. CERTAIN RULES AND REGULATIONS

6.1 No Lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single-family dwelling and a private garage for not less than two (2) cars. Further, cars or other authorized vehicles hereunder shall be parked in the garage or driveway and in any event may not be parked in any easement areas or the street area in front of the Lot overnight or for a continuous period of time in excess of ten (10) consecutive hours. The provisions of this Section shall not apply to the parking or storage of any vehicles used by the Declarant or Arneo Land Company, LLC during the construction of any Residence or development of the Property.

6.2 No building, addition, wall, fence, swimming pool, screening or other structure or improvement of any nature or kind shall be erected, placed or altered on any Lot until the construction plans and specifications and a plan showing the location of the structure and landscaping, or composition of the materials used therefor, as may be required by the Architectural Control Committee (sometimes referred to herein as the "ACC") have been approved in writing by the Architectural Control Committee named below, as to quality of workmanship and materials, harmony of external design with existing structures, and location with respect to topography and finish grade elevation, and all necessary governmental permits are obtained. Each building, addition, wall, fence, swimming pool, screening or other structure or improvement of any nature shall be erected, placed or altered upon the premises only in

accordance with the plans and specifications and plot plan so approved and applicable governmental permits and requirements. The Architectural Control Committee shall have the right, in its sole and absolute discretion, to refuse approval of plans, specifications and plot plans, or any of them, based on any ground, including purely aesthetic grounds. Any change in the exterior appearance of any building, wall, fence, swimming pool, screening or other structure or improvements including exterior paint color shall be deemed an alteration requiring approval. The Architectural Control Committee shall have the power to promulgate such rules and regulations as it deems necessary to carry out the provisions and intent of this Section. The ACC shall have the right but not the obligation to create a separate document more particularly describing the rules and regulations of the ACC including all matters governed by the ACC and requiring their approval (the "Architectural Guidelines"). The Architectural Guidelines need not be recorded in the Public Records of Osceola County and may be amended from time to time by the Board of Directors and shall have the same force and effect as this Declaration.

So long as the Class B Membership exists, the ACC shall be appointed by the Declarant. Thereafter, the Architectural Control Committee shall be a committee composed of or appointed by the Board of Directors of the Association. During the period in which the Declarant appoints the membership of the ACC, the ACC shall have three (3) members. At such time as the Board of Directors appoints the ACC members, the ACC shall have any number of members, but never less than three (3), as deemed appropriate by the Board of Directors.

The address of the Architectural Control Committee shall be the address of the Declarant or the Association, depending on which party appoints its membership. The Board of Directors of the Association and the ACC may employ personnel and consultants to assist the ACC at the expense of the Association. The members of the ACC shall not be entitled to any compensation for services performed pursuant to this Declaration. The Architectural Control Committee shall act on submissions to it, or request further information thereon, within thirty (30) days after receipt of the same (and all further documentation required) or else the request shall be deemed approved. The foregoing provisions regarding ACC approval shall not be applicable to the Declarant or to construction activities conducted by the Declarant.

Notwithstanding anything herein to the contrary, the ACC, in its sole and absolute discretion, may grant a variance as to any of the restrictions, conditions and requirements set forth in this Article so long as, in the judgment of the ACC, the noncompliance for which the variance is granted is not of a substantial nature and the granting of the variance shall not unreasonably detract from the use and enjoyment of adjoining Lots and the Property. In no event shall the granting of a variance in one instance require the ACC to grant a similar or other type of variance in any other instance, it being understood that the granting of variances from the restrictions, conditions and requirements of this Article shall be in the sole and absolute discretion of the ACC.

Notwithstanding anything herein to the contrary, prior to commencing construction of improvements approved by the ACC, the Owner of the Lot upon which such improvements shall be installed shall obtain any and all appropriate governmental permits and approvals and shall construct the improvements in compliance with all terms and conditions of such permits and

approvals.

The Architectural Control Committee 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, by reason of 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 provisions of this Section of this Declaration, or for any mistake in judgment, negligence, misfeasance or nonfeasance related to or in connection with any such decision, approval or disapproval, and each Owner by acquiring title to any Lot or 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 such parties.

6.3 The Committee's approval or disapproval as required in these covenants shall be in writing. In the event the Committee, or its designated representative, fails to approve or disapprove within thirty (30) days after plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required and the related covenants shall be deemed to have been fully complied with.

6.4 No dwelling shall be permitted on any lot at a cost of less than FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00) based upon cost levels prevailing on the date these covenants are recorded, it being the intention and purpose of these covenants to assure that all dwellings shall be of a quality of workmanship and materials substantially the same or better than that which can be produced on the date these covenants are recorded at the minimum cost stated herein for the minimum permitted dwelling size. The ground floor area of the main structure, exclusive of one-story open porches and garages, shall be not less than fourteen hundred (1400) square feet.

6.5 All dwellings shall be erected and maintained in compliance with the applicable setback requirements of Osceola County, Florida and any governmental entity having jurisdiction over the Southport Bay Phase I subdivision.

6.6 No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence either temporarily or permanently. In addition, no accessory apartments (whether or not authorized under Osceola County rules, laws, ordinances or regulations) shall be used or permitted on any lot whether attached to a principal or accessory structure or free standing. Further, no truck larger than two (2) tons in total weight, trailer, recreational vehicle, boat or similar vehicle shall be stored, kept or parked contiguous to, on or about any Lot without the express advance written authorization of the Architectural Control Committee, which consent may be withheld in said Committee's sole discretion and for any reason. Further, even if said permission has been granted, it may be revoked by the Architectural Control Committee in its reasonable discretion. Notwithstanding anything herein to the contrary, nothing herein shall prohibit the placement of a temporary construction trailer or parking of commercial vehicles on the Property or any Lot by Declarant or

its agents or assigns in connection with the development of the Property or construction of homes thereon.

6.7 No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become a nuisance to the neighborhood. No Lot, driveway or Common Area shall be used for the purpose of vehicle repair or maintenance. No unregistered, non licensed, expired license or inoperable vehicles of any kind shall be permitted to remain on any Lot (unless parked inside the garage of a Residence) or Common Area.

6.8 No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats, or other household pets may be kept provided that they are not bred or maintained for any commercial purposes. Such permitted pets shall be kept on the Owner's Lot and shall not be allowed off the premises of Owner's Lot except on a leash.

6.9 No sign of any kind shall be displayed to the public view on any lot, except one (1) professional sign of not more than one (1) square foot, one (1) sign of not more than five (5) square feet advertising the property for sale or rent, or signs used by a builder to advertise the property during the construction and sale period.

6.10 No fence or wall shall be erected, placed or altered on any lot nearer to any street than the minimum building setback line and no fence or wall permitted hereunder shall, in any event be placed any closer than twenty-five (25) feet from any front street right-of-way and fifteen (15) feet from any side street right-of-way, and shall not exceed six (6) feet in height. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street lines, extended. The same sight line limitations shall apply on any lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. No fence shall be erected or placed on any portion of any lot so that the only finished and attractive side of the fence faces towards the premises of Owner's Lot. No tree shall be permitted to remain within such distances of such intersections unless it is maintained at sufficient height to prevent obstruction of such sight lines.

6.11 No lots shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept, except in sanitary containers. All containers, receptacles equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition, and, unless required to be placed at the curb for scheduled pick-ups, all containers shall be kept at the rear of all Residences or out of sight from the street. No burning of trash or other waste materials shall be permitted. The provisions of this Section shall not apply to the Declarant or Arnco Land Company, LLC during the construction of any Residence or the development of the Property. Further, the Declarant and Arnco Land Company, LLC shall have the right to burn trash or other waste materials on the Property so long as the Declarant secures all applicable permits.

6.12 No Owner may store construction materials on a Lot for a period exceeding thirty (30) days without commencing construction, and if construction does not commence within said thirty (30) day period the Association may remove such stored materials. Costs incurred in such removal by the Association will become a lien on said Lot, accruing interest at the highest rate permitted by law. Construction, once commenced, shall be diligently pursued to completion. No building, material or refuse shall be placed or stored on any Lot within twenty (20) feet of any park or edge of any open water or drainage course except that clean fill may be placed nearer provided that the water or drainage course is not altered or blocked by such fill. The provisions of this Section shall not apply to the Declarant or Arnco Land Company, LLC during the construction of any Residence or the development of the Property.

6.13 No building or improvement which has been partially or totally destroyed by fire or other casualty shall be allowed to remain in such condition for more than six (6) months from time of destruction. If reconstruction or repair of any such Residence is not commenced within said six (6) month period, the Owner thereof shall raze or remove the same promptly from the Owner's Lot.

6.14 Window air conditioning units are prohibited.

6.15 No clotheslines shall be erected or installed on any Lot without prior approval by the Architect Review Committee.

6.16 No television or radio antenna shall be constructed or placed on the roof of any dwelling. No free-standing television or radio antenna shall be permitted on any lot unless (i) the location of such free-standing antenna is approved by the Architectural Control Committee and (ii) such free-standing antenna does not exceed five (5) feet in height above the highest point of the roof of the dwelling. Further, no television or radio dish antenna shall be permitted on any lot unless the appearance and location of such dish antenna is approved in advance by the Architectural Control Committee.

6.17 No chain fence shall be erected or maintained on any portion of any lot. This prohibition of chain link fences shall not prohibit the erection and maintenance of any chain link fence within other areas of the Subdivision outside the boundaries of platted lots.

6.18 Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure (other than approved fencing), planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

6.19 The Declarant has caused to be established or may cause to be established a "Municipal Service Taxing Unit" ("MSTU") or a "Municipal Service Benefit Unit" ("MSBU") which may provide for one or more of the following: (a) the maintenance and upkeep of any

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recreation, retention and drainage area shown on the recorded plats of the Southport Bay Subdivision, as more specifically set forth under the terms of the MSTU or MSBU; (b) the construction of improvements and facilities (recreation, sidewalks, drainage, retention ponds, etc. on and within various tracts and plat easement areas for the use and benefit of the Southport Bay Subdivision and the residents thereof, and including any and all phases (existing or future) of said Subdivision; (c) the construction, operation, and maintenance of street lighting for The Southport Bay Subdivision; and (d) any other purpose approved for the MSTU or MSBU by the applicable governmental jurisdiction. The provisions of any such MSTU or MSBU upon its establishment may place upon all residents of the Southport Bay Subdivision the obligation of payment for the construction, maintenance and upkeep provided for under the MSTU or MSBU. Upon its establishment, the specific terms of any such MSTU or MSBU may be obtained from the applicable county department(s).

6.20 Where a building has been erected or the construction thereof is substantially advanced and it is situated on any lot in such a manner that same constitutes a violation or violations of any of the above covenants, conditions and restrictions, the Architectural Control Committee shall have the right at any time to release such lot or portions thereof from such part of the provisions of any of said covenants, conditions and restrictions as are violated; provided, however, that the said Architectural Control Committee shall not release a violation or violations of any of said covenants, conditions and restrictions except as to violations which, in its sole discretion, are determined to be minor, and the power to release any such lot or portions thereof from such a violation or violations shall be dependent on a determination by it that such violation or violations are minor.

6.21 In addition to the foregoing, the Association shall have the right, power and authority, subject to the prior written consent and approval of Declarant, to promulgate and impose rules and regulations governing and/or restricting the use of the Property and Lots, including without limitation rules and regulations relating to the placement or installation of any type of improvement on any Lot, and to thereafter change, modify, alter, amend, rescind, and augment any of the same; provided, however, that no rules and 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 the Property and the Owners thereof and their successors and assigns, as well as all guests and invitees of and all parties claiming by, through or under such Owners.

6.22 There may be additional restrictions applicable to the Southport Bay Phase I subdivision which are set forth on the face of the plat(s) of Southport Bay Phase I. Such restrictions are incorporated herein by reference thereto.

ARTICLE VII. ENFORCEMENT

7.1 Compliance by Owners. Every Owner shall comply with the terms, provisions, restrictions, and covenants set forth herein and any and all rules and regulations that from time to time may be adopted by the Board of Directors of the Association.

7.2 Enforcement. The Declarant, the Association, the Association Board of Directors, the Architectural Control Committee, each Owner, or any other party as provided herein shall each have the right (but not the obligation) to enforce this Declaration and the covenants, restrictions and provisions hereof including without limitation bringing the actions and filing and foreclosing the liens described in Article V hereto. In addition, the South Florida Water Management District shall have the right to enforce this Declaration with respect to the operation and maintenance of the stormwater management system for the Property. Enforcement of this Declaration and the covenants, restrictions, and provisions hereof may be accomplished by any proceeding at law or in equity, including without limitation, an action for damages and injunctive relief. The Association shall have the right to suspend the voting rights and use of the Common Area of any defaulting Owner. Failure to enforce any covenant, restriction or provision hereof shall not be deemed a waiver to do so thereafter. The defaulting and/or offending Owner shall be responsible for all costs incurred in enforcement of this Declaration, including but not limited to, attorney, paralegal and legal assistant fees, costs and expenses, related fees, costs and expense, court costs, and witness and expert fees and costs, whether suit be brought or not, and whether in settlement, in any declaratory action, at trial or on appeal.

ARTICLE VIII. DRAINAGE SYSTEM

The surface water management system of the Property is subject to the jurisdiction of the South Florida Water Management District ("SFWMD"), which has issued a permit for the operation of such system, as the same may be amended from time to time (collectively the "Permit"). The SFWMD Permit Number 49-00094-S-27 is attached hereto as Exhibit "A". The Association shall own, and collect and assess fees for, and shall be responsible for, the operation, maintenance and, if necessary, the replacement of the surface water management system within the Property, including without limitation operation and maintenance of all retention ponds and drainage improvements as may be situated throughout the Common Areas. The Association shall maintain the surface water management system in accordance with all Permit requirements. Copies of the Permit and any future SFWMD permit actions shall be maintained by the Association's Registered Agent for the Association's benefit. SFWMD have the right to take enforcement action for an injunction and penalties against the Association to compel it to correct any outstanding problems with the surface water management system facilities or in mitigation or conservation areas under the responsibility or control of the Association.

If wetland mitigation or monitoring is required, the Association shall be responsible to carry out this obligation and to complete the task successfully, including meeting all permit conditions associated with wetland mitigation, maintenance and monitoring. Any amendment proposed to the Association's Articles of Incorporation or Bylaws or to this Declaration which would affect the surface water management system, conservation areas or water management portions of the Common Areas will be submitted to SFWMD for a determination of whether the amendment necessitates a modification of the SFWMD Permit. If a modification is necessary, SFWMD will so advise the permittee thereunder. The provisions of this Article VIII shall not relieve the Owners of any of their obligations which are set out in this Declaration.

ARTICLE IX.
GENERAL PROVISIONS

9.1 Insurance and Fidelity Bonds. The Association may obtain and maintain in effect casualty and liability insurance and fidelity bond coverage in form and amounts as may be deemed advisable by the Board of Directors of the Association. Additionally, the Association may obtain and maintain in effect "directors and officers insurance" in form and amounts as may be deemed advisable by the Board of Directors of the Association.

9.2 Duration; Amendment. The covenants and restrictions of this Declaration shall run with and bind the Property for a term of fifty (50) years from the date this Declaration is recorded, after which they shall be automatically extended for successive periods of ten (10) years; unless during the last year of its applicability during the initial term or any extension period no less than seventy-five percent (75%) of the total cumulative vote of the Members at a duly noticed meeting of the Association vote in person or by proxy to terminate this Declaration. Provided, however, no such termination shall void the duty of the Association to maintain the surface water management system unless specifically allowed by the South Florida Water Management District. Further, no such termination shall have the effect of terminating any easements herein provided or reserved. Except as otherwise provided herein, this Declaration may be amended by an instrument signed by the owner(s) of the majority of the total cumulative votes of the Membership, but not requiring a specified number of votes of Members Entitled to Vote in each class; and in any event, so long as Declarant is the Owner of one (1) or more Lots within the Property, this Declaration may be amended by only Declarant (without the consent of any other party) to clarify ambiguities and scrivener's errors or for reasons which benefit the Property as determined by Declarant, in its reasonable discretion. In addition to the foregoing, so long as Declarant owns any Lots within the Property, all amendments to this Declaration must be approved and joined in by Declarant. If not so joined by Declarant, the amendment shall be null and void. Any amendment to this Declaration must be recorded in the Public Records of Osceola County, Florida.

Notwithstanding any provision to the contrary herein contained, Declarant shall have the right to amend this Declaration without the consent, approval or joinder of any other person or Owner, if such amendment is desired by Declarant in order to cause this Declaration to comply with applicable FHA, VA, FNMA and/or FHLMC requirements. Such an amendment to this Declaration, the Articles of Incorporation or Bylaws of the Association needs to be signed and acknowledged only by the Declarant and need not be approved by the Association, Lot Owners or lienors or mortgagees of Lots, whether or not elsewhere required for an amendment.

9.3 Notice. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when personally delivered or mailed, postage prepaid, to the last known address of the person who appears as a Member or Owner on the records of the Association at the time of such mailing.

9.4 Severability. Invalidity of any one of these covenants or restrictions or any part, clause or word hereof, or the application thereof in specific circumstances by judgment or

court order shall not affect any other provisions or applications in other circumstances, all of which shall remain in full force and effect.

9.5 Annexation of Additional Land. Other than annexation of the Additional Property while Declarant is a Class B Member as provided in and governed by Section 2.2 above, additional residential property and common area may be annexed to the Property with the consent of a majority of the total cumulative votes of the Members.

9.6 Effective Date. This Declaration shall become effective upon its recordation in the Public Records of Osceola County, Florida.

9.7 Conflict. This Declaration shall take precedence over conflicting provisions in the Articles of Incorporation and Bylaws of the Association and the Articles shall take precedence over the Bylaws.

9.8 Standards for Consent, Approval, Completion, Other Action and Interpretation. Whenever this Declaration shall require the consent, approval, completion, substantial completion, or other action by the Declarant, the Association or the Architectural Control Committee, such consent, approval or action may be withheld in the sole and absolute discretion of the party requested to give such consent or approval or take such action, and all matters required to be completed or substantially completed by the Declarant or the Association shall be deemed completed or substantially completed when so determined, in the discretion of the Declarant or Association, as appropriate.

9.9 Easements. Should the intended creation of any easement provided for in this Declaration fail because at the time of creation there may have been no grantee having the capacity to take and hold such easement, then any such grant of easement deemed not to have been so created shall nevertheless be considered as having been granted directly to the Association as agent for such intended grantees for the purpose of allowing the original party or parties to whom the easements were originally intended to have been granted the benefit of such easement. The Owners hereby designate the Declarant and the Association (or either of them) as their lawful attorney-in-fact to execute any instrument on such Owners' behalf as may hereafter be required or deemed necessary for the purpose of later creating such easement as it was intended to have been created herein. Formal language of grant or reservation with respect to such easements, as appropriate, is hereby incorporated in the easement provisions hereof to the extent not so recited in some or all of such provisions.

9.10 Covenants Running With The Land. ANYTHING TO THE CONTRARY HEREIN NOTWITHSTANDING AND WITHOUT LIMITING THE GENERALITY (AND SUBJECT TO THE LIMITATIONS) OF SECTION 9.2 HEREOF, IT IS THE INTENTION OF ALL PARTIES AFFECTED HEREBY (AND THEIR RESPECTIVE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS, AND ASSIGNS) THAT THESE COVENANTS AND RESTRICTIONS SHALL RUN WITH THE LAND AND WITH TITLE TO THE PROPERTY. IF ANY PROVISION OR APPLICATION OF THIS DECLARATION WOULD PREVENT THIS DECLARATION FROM RUNNING WITH THE LAND AS AFORESAID, SUCH PROVISION AND/OR APPLICATION SHALL BE JUDICIALLY MODIFIED, IF AT ALL

POSSIBLE, TO COME AS CLOSE AS POSSIBLE TO THE INTENT OF SUCH PROVISION OR APPLICATION AND THEN BE ENFORCED IN A MANNER WHICH WILL ALLOW THESE COVENANTS AND RESTRICTIONS TO SO RUN WITH THE LAND; BUT IF SUCH PROVISION AND/OR APPLICATION CANNOT BE SO MODIFIED, SUCH PROVISION AND/OR APPLICATION SHALL BE UNENFORCEABLE AND CONSIDERED NULL AND VOID IN ORDER THAT THE PARAMOUNT GOAL OF THE PARTIES AFFECTED HEREBY (THAT THESE COVENANTS AND RESTRICTIONS RUN WITH THE LAND AS AFORESAID) BE ACHIEVED.

9.11 Dissolution of Association. In the event of a permanent dissolution of the Association or the Master Association, (i) all assets of the Association or the Master Association shall be conveyed to a non-profit organization with similar purposes and acceptable to the St Johns River Water Management District, or (ii) all Association or Master Association assets may be dedicated to Osceola County, Florida or any applicable municipal or other governmental authority. Said successor non-profit organization or governmental entity shall pursuant to this Declaration provide for the continued maintenance and upkeep of the Common Area, including without limitation the surface water management system and the Property and such other property as may be contemplated herein.

9.12 Litigation: Mediation/Arbitration of Disputes: If a dispute arises out of or relates to the Declaration, or the breach thereof, and if said dispute cannot be settled through direct negotiation, the parties agree to first endeavor to settle the dispute in an amicable manner by mediation administered by the American Arbitration Association under its then current Commercial Mediation Rules, before resorting to arbitration. The mediation shall occur within thirty (30) days following a written request for mediation by the Association, the Master Association, and/or Declarant. Thereafter, any unresolved controversy or claim (as determined by any party hereto) arising out of or relating to the Declaration, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its then current Commercial Arbitration Rules, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. In the event of any such arbitration brought under the terms of the Declaration, the prevailing party in such arbitration shall be entitled to an award of costs, expenses and reasonable attorneys' fees, including paralegal charges, in addition to any other award of damages made by such panel.

(SIGNATURES APPEAR ON NEXT PAGE)

EXECUTED as of the date first above written.

Signed, sealed and delivered
in the presence of:

Sandra K. Merchut
Name: SANDRA K. MERCHUT

Hampton P. [Signature]
Name: Hampton P. [Signature]

THE GREATER CONSTRUCTION
CORP., a Florida corporation

By: [Signature]
Robert A. Mandell
Chief Executive Officer

STATE OF FLORIDA
COUNTY OF SEMINOLE

The foregoing instrument was acknowledged before me this 25 day of January, 2005, by Robert A. Mandell, as Chief Executive Officer of The Greater Construction, Corp., a Florida corporation, on behalf of the corporation. He is personally known to me and did not take an oath.



Sandra K. Merchut
My Commission DD345026
Expires October 10, 2008

Sandra K. Merchut
Notary Public
Printed Name: _____
Commission No: _____
My Commission Expires: _____

EXHIBIT "A"

01/24/2005 15:31 FAX 4079323985

BRIAN MARK PA

002

Jan 24 05 09:40a

Franklin, Hart & Reid

407-343-0324

p. 2



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

ENVIRONMENTAL RESOURCE

STANDARD GENERAL PERMIT NO. 49-00094-S-27

DATE ISSUED: January 28, 2004

RECEIVED

JAN 21 2004

Form 110941
08/95

PERMITTEE: ARNCO LAND DEVELOPMENT, LLC
PO BOX 450037
KISSIMMEE, FL 34745

PROJECT DESCRIPTION: Modification of a surface water management system to serve a 51.42-acre residential development within Poinciana known as Southport Bay - Phase 1

PROJECT LOCATION: OSCEOLA COUNTY, SEC 7,8 TWP 27S RGE 29E

PERMIT DURATION: See Special Condition No.1. See attached Rule 40E-4.321, Florida Administrative Code.

This is to notify you of the District's agency action concerning Notice of Intent for Permit Application No. 081001-8, dated October 1, 2003. This action is taken pursuant to Rule 40E-1.003 and Chapter 40E-10, Florida Administrative Code (F.A.C.).

Based on the information provided, District rules have been adhered to and an Environmental Resource General Permit is in effect for this project subject to:

1. Not receiving a filed request for a Chapter 120, Florida Statutes, administrative hearing.
2. the attached 10 General Conditions (See Pages: 2 - 4 of 8),
3. the attached 15 Special Conditions (See Pages: 5 - 8 of 8) and
4. the attached 6 Exhibit(s).

Should you object to these conditions, please refer to the attached "Notice of Rights" which addresses the procedures to be followed if you desire a public hearing or other review of the proposed agency action. Please contact this office if you have any questions concerning this matter. If we do not hear from you in accordance with the "Notice of Rights," we will assume that you concur with the District's action.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a "Notice of Rights" has been mailed to the Permittee (and the persons listed in the attached distribution list) no later than 5:00 p.m. on this 28th day of January, 2004, in accordance with Section 120.60(5), Florida Statutes.

BY:

Thomas P. Genovese
Thomas P. Genovese
Service Center Director
Orlando Service Center

Certified mail number 7002 2410 0005 5452 8757

Page 1 of 6

CL 2005022188

OR 2689/1746

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of SOUTHPORT BAY PHASE I HOMEOWNERS' ASSOCIATION, INC., a Florida corporation, filed on March 17, 2005, as shown by the records of this office.

I further certify the document was electronically received under FAX audit number H05000067278. This certificate is issued in accordance with section 15.16, Florida Statutes, and authenticated by the code noted below.

The document number of this corporation is N05000002795.

Authentication Code: 605A00018730-031805-N05000002795-1/1

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Eighteenth day of March, 2005



Glenda E. Hood
Glenda E. Hood
Secretary of State



FLORIDA DEPARTMENT OF STATE

Glenda E. Flood
Secretary of State

March 18, 2005

SOUTHPORT BAY PHASE I HOMEOWNERS' ASSOCIATION, INC.
1105 KENSINGTON PARK DRIVE
ALTAMONTE SPRINGS, FL 32714

The Articles of Incorporation for SOUTHPORT BAY PHASE I HOMEOWNERS' ASSOCIATION, INC. were filed on March 17, 2005, and assigned document number N05000002795. Please refer to this number whenever corresponding with this office.

Enclosed is the certification requested. To be official, the certification for a certified copy must be attached to the original document that was electronically submitted and filed under FAX audit number H05000067278.

A corporation annual report/uniform business report will be due this office between January 1 and May 1 of the year following the calendar year of the file/effective date year. A Federal Employer Identification (FEI) number will be required before this report can be filed. Please apply NOW with the Internal Revenue Service by calling 1-800-829-3676 and requesting form SS-4.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have questions regarding corporations, please contact this office at the address given below.

Neysa Culligan
Document Specialist
New Filings Section
Division of Corporations

Letter Number: 605A00018730