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DECLARATION OF RESTRICTIVE COVENANTS
OF VILLAS, UNIT 2
AT TALLAHASSEE, FLORIDA

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RECORDED IN THE PUBLIC
RECORDS OF LEON CO. FLA
IN BOOK 8 PAGE 188
AUG 3 2 32 PM 1979
AT TALLAHASSEE, FLORIDA
PAUL A. WILKINSON, CLERK
CLERK OF CIRCUIT COURT

THIS DECLARATION OF RESTRICTIVE COVENANTS, Made this 3rd day of August, 1979, by EVERHART CONSTRUCTION COMPANY, INC., a Florida corporation, hereinafter referred to as "Declarant", for itself, its successors, grantees and assigns.

WITNESSETH THAT:

1. Lands. The Declarant is the owner of certain lands located in Leon County, Florida, more particularly described as "Villas, Unit 2," as per map or plat thereof recorded in Plat Book 8, page 34, of the Public Records of Leon County, Florida.
2. Improvements. Declarant intends to improve the hereinabove described real property by constructing thereon certain buildings and other improvements. The Declarant further intends to impose upon such property mutually beneficial restrictions under a general plan for the benefit of all parcels of real property and subsequent purchasers thereof. The lands will be divided into thirty-nine (39) parcels, each parcel having thereon a living unit. All common areas as hereinafter defined will be owned by the hereinafter named Homeowners Association. These covenants and restrictions are hereby imposed on all lands described in Exhibit "A", effective as set forth in paragraph 4 below.
3. Name and Address. The name by which the property shall be known and identified is VILLAS, UNIT 2.
4. Submission of Property to the Restrictive Covenants. Declarant does hereby impress and impose upon the property the restrictive covenants, obligations, covenants, and conditions set forth and provided for herein. These restrictive covenants, obligations, covenants, and conditions shall become effective as to such parts of the property as are conveyed to third parties by Declarant, by deed recorded in the Public Records of Leon

County, Florida. This Declaration shall not be effective as to the property until a deed is recorded in the Public Records of Leon County, Florida, transferring legal title from Declarant to a third party, and in such instance, this Declaration shall be applicable only to the lands described in the deeds recorded. It is the intent of Declarant that this Declaration shall become effective as to each part of the property as each such part or parcel of the property is so transferred with the effective date of this Declaration as to such property described in each such deed being the date and time of recording. At such time, this Declaration shall be binding upon Declarant, its successors, and assigns. All reservations, easements, and cross-easements set forth herein shall, when any deed hereafter executed shall refer to and incorporate these Restrictive Covenants, be deemed to have been granted, excepted or reserved, as the case may be, and shall be binding upon any grantee or grantor, or their assigns as if set forth therein in full.

5. Definitions. The terms used herein and in the By-Laws (a copy of which By-Laws are attached hereto, marked Exhibit "B" and by reference made a part hereof) shall have meanings as follows:

(a) "Houses" shall mean the parcels of real property, and the improvements thereon.

(b) "Homeowner" means the owner of a house.

(c) "Association" means Villas Homeowners Association, Inc., a non-profit Florida corporation, and its successors, which association shall own in fee simple all common areas and shall be the entity responsible for the operation and management of the common areas and have such other rights, duties and obligations as are set forth in these Restrictive Covenants.

(d) "By-Laws" shall mean such By-Laws as are established by the Association from time to time.

(e) "Common Areas" means the portions of the lands held and owned by the Association.

(f) "Common Expenses" means the expenses for which the homeowners are liable to the Association.

(g) "Assessment" means a share of the funds required for the payment of common expenses which from time to time is assessed against a homeowner.

(h) "Common Surplus" means the excess of all receipts of the Association, including but not limited to assessments, rents, profits and revenues on account of the common elements, over the amount of common expenses.

(i) The "Property" means and includes the land described in Exhibit "A", whether or not contiguous, and all improvements thereon and hereinafter constructed thereon, together with all easements and rights appurtenant thereto intended for use in connection with the property, and necessary to effectuate the purpose and intent of Declarant set forth in these Restrictive Covenants.

6. Description of Improvements and Plot Plan. There is attached hereto a graphic description of the improvements and a plot plan thereof setting forth and identifying the common areas and each house and their relative locations and approximate dimensions and the portions of each house and lot which are specifically subject to cross-easements with all other houses for pedestrian walkways, ingress and egress, rights of way, parking areas and other similar uses. Said attachments are marked Exhibit "C" and are by reference made a part hereof.

7. Houses and Boundaries Thereof. Each house shall consist of and contain that portion of each house bounded by the following:

(a) The vertical boundaries of the house shall be the perimeter walls subject to the following:

(i) With regard to exterior walls, the exterior surface of said walls shall be a boundary except where there is attached to the building any improvements serving only such house in which event, the boundary shall be such as will include such improvements, and

(ii) With regard to common walls, the centerline of said walls shall be the boundary.

(b) Each house shall include a parcel of real property as described in the deed by which said land and house is conveyed by Declarant to third party purchasers.

(c) Bearing walls, columns, and wiring and other utility installations serving more than one house shall be commonly owned by the houses being served thereby.

Notwithstanding the individual ownership of the exterior wall surfaces and roof, the Association shall have the sole right and sole responsibility for the maintenance and repair thereof except as may be otherwise specifically hereinafter provided.

8. Common Areas. The lands described in Exhibit "D" attached hereto.

9. Cross-Easements. Declarant hereby specifically reserves, excepts, imposes and creates certain cross-easements which shall not in any manner be construed to be in limitation of those easements defined and set forth in paragraph 26 infra, and said cross-easements hereby defined are declared to be easements and covenants running with the land in relation to the houses herein defined and in relation to the common areas and lands owned by the Homeowners Association. On the plot plan mentioned in paragraph 6 above and attached hereto as Exhibit "C", there is defined and set forth certain areas of real property described in Exhibit "A" which is shown on said plot plan as a cross-hatched area and identified thereon as areas constituting parts of the real property which shall be subject to cross-easements for

parking, pedestrian walkways, ingress and egress and other similar uses, whether said lands are or shall be owned by Declarant, individual homeowners, the Association, or any other person. As to said cross-hatched areas shown on said Exhibit "C", there is hereby reserved, created and imposed upon said areas, cross-easements for the use and benefit of the Association and all individual homeowners for the purposes as set forth and shown on said plot plan. The specific use of said cross-easements for ingress, egress, parking, pedestrian traffic and other such similar uses may be reasonably regulated by the Association in its rules and regulations, but said cross-easements may not be terminated except in the manner as set forth herein for the termination of these Restrictive Covenants. It is the intent of Declarant that all of the lots conveyed (as described in paragraph 7 above) shall be subject to the cross-easements hereby imposed, excepting only that portion of any house enclosed as defined by paragraphs 7(a) and (b) above (the interior) and only that portion of the lot mentioned in paragraph 7(b) which is beneath the house and within and enclosed by the patio fence as located on said parcel or parcels as of the date of conveyance of said lot.

10. Subdivision. No house, lot, or part thereof as conveyed by Declarant may be divided or subdivided. No action or suit may be brought to partition any commonly owned area as described in these Restrictions. A house may be used only as a single-family attached residence.

11. Ownership and Management of Common Areas. The fee simple ownership and management of the common areas described in Exhibit "D" and of the management and operation of the property shall be vested in Villas Homeowners Association, Inc., a non-profit corporation organized and existing under the Laws of the State of Florida, or to be organized at or about the time of execution of this Declaration of Restrictive Covenants. The

Declarant and all homeowners covenant and agree that the Association shall perform its duties in compliance with the following provisions:

(a) Each homeowner shall automatically, upon becoming the owner of a house, be a member of the Association and shall retain such membership until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically terminate.

(b) The Articles of Incorporation of said Association shall be in substantially the form attached hereto, marked Exhibit "E" and by reference made a part hereof.

(c) The By-Laws of the Association shall be in substantially the same form as is contained in the By-Laws attached hereto, marked Exhibit "B" and by reference made a part hereof.

(d) Membership in the Association shall not be transferred, pledged, or alienated in any way except upon the sale or encumbrance of the house to which it is appurtenant and then only to the purchaser or mortgagee of such house. Any attempt to make a prohibited transfer is void. In the event any homeowner should fail or refuse to transfer the membership registered in his name to the purchaser of his unit, the Association shall have the right to record the transfer upon its books.

12. Assessments and Liens. The Declarant, for each house owned within the project, hereby covenants and agrees and each homeowner, by the acceptance of a deed for a house located within the property, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association:

(a) Annual assessments or charges as herein set forth and as established by the Association; and

(b) Special assessments for capital improvements, which assessments are to be established and collected as hereinafter provided.

The annual and special assessments, together with interest, costs and reasonable attorney's fees required to collect the same, if any, shall be a lien against the house or houses owned by the party failing to pay the same; provided, however, that any such lien shall be subordinate and inferior to any first mortgage on such house or houses. Assessments shall be made pursuant to the By-Laws of the Association. No homeowner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common areas or by the abandonment of his house.

13. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the members of the Association, and in particular, for the improvement and maintenance in a first class condition and in a good state of repair of the common areas and elements of the property, and such other areas and elements which are maintained by the Association, whether or not owned by the Association or by a homeowner.

14. Deposit of Assessments. Any and all sums collected from assessments or related payments may be co-mingled with each other in a single account and shall be held in trust for the homeowners in accordance with their respective interests therein.

15. Maximum Annual Assessments. Until January of the year immediately following the conveyance of the first house to a homeowner, the maximum annual assessment shall be \$75.00 per month per home. From and after January 1 of the year immediately following the conveyance of the first house to a homeowner, the maximum annual assessment may be increased each year by not more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership in accordance with the By-Laws of the Association. From and after January 1 of the year immediately following the conveyance of the first house to a

homeowner, the maximum annual assessment may be increased by more than ten percent (10%) by the vote or written assent of fifty-one percent (51%) of the votes entitled to be cast. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum assessment then permitted.

16. Special Assessments. In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction, re-construction, repair, or replacement of the common elements or areas, including fixtures and personal property related thereto or for the exercise of the powers granted in paragraph 21; provided, however, that any such assessment shall be made in accordance with the By-Laws of the Association.

17. Rate of Assessments. All assessments, both annual and special, shall be divided equally among all members of the Association unless otherwise expressly provided herein. Assessments may be collected on a monthly basis. Failure to pay any monthly installment of such assessment as and when due shall give the right to the Association, at its option, to declare the remaining balance of the year's assessment immediately due and payable.

18. Collection of Assessments. All assessments shall be due on the first day of each calendar month. Assessments and installments thereon paid on or before ten (10) days after due date shall bear no interest. All such sums not paid within said period of time shall bear interest at the maximum rate permitted by law. Such interest shall run from ten (10) days after said sum or sums are due until the date of payment. Any partial payments shall be credited first to interest and then to the assessment. No set-offs shall be allowed to any homeowner for repairs or improvements, or services contracted for by any homeowner without the express written authorization of the Board of Directors of the Association. The Association shall be entitled to collect from the homeowner all legal costs including a reasonable attorney's fee incurred by the Association in connection with or incident

to the collection of such assessment and interest or in connection with the enforcement of the lien resulting therefrom. In connection with any foreclosure of such lien or assessments and interest, the Association shall be entitled to the appointment of a receiver during said foreclosure proceedings and during any foreclosure of a lien or assessments and interest, the homeowner shall be required to pay a reasonable rental for the use of the house during the period that he occupies the same.

19. Service Charge of Delinquent Assessments. In order to defray the cost of additional bookkeeping, billing, and related expenses, all assessments not paid within ten (10) days after the due date shall bear a service charge of \$10.00 per month from the due date hereof.

20. Effective Transfer of Title on Assessments. The sale or transfer of any house shall not affect the assessment lien; provided, however, the sale or transfer of any house pursuant to mortgage foreclosure or any proceedings in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such house from liability for any assessment thereafter becoming due or from the lien thereof. Any unpaid share of common expenses or assessments shall be deemed to be an expense of the Association. In any voluntary conveyance, grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor up to the time of such voluntary conveyance without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Association setting forth the amount of the unpaid assessments against the grantor to the Association, and such grantee shall not be liable for nor shall the house conveyed be subject to a lien for any unpaid assessments made by the Association against

the grantor in excess of the amount of the statement; provided, further, however, the grantee shall be liable for all assessments becoming due after the date of such statement.

21. Bidding at Foreclosure Sale. The Association shall have the power to bid in any house at foreclosure sale thereof and to acquire and hold, lease, mortgage, and convey the same.

22. Architectural Control Committee. The Board of Directors of the Association shall appoint an Architectural Control Committee and until such time as said Committee is appointed, the Board of Directors shall serve as such Committee. No homeowner shall erect or maintain any building, fence, wall, or other structure nor shall any homeowner commence or make any exterior addition to or change or alteration in the shape, color, or appearance of the exterior of existing improvements or make any material alteration, addition, or deletion to the landscaping of any lot until and unless the plans and specifications showing the nature, kind, shape, height, materials, color, location, and all other details of the same shall have been submitted to and approved in writing by the Architectural Control Committee as to the quality of materials, harmony and external design and color, and the location in relation to surrounding structures and topography. Such approval may be withheld for any reason. In the event written approval is given, no work shall be commenced until such time as the homeowner or his contractor has obtained all permits required by law. Notwithstanding the foregoing provisions relating to the appointment of the Architectural Control Committee and the members constituting the same, the Declarant shall initially appoint said Architectural Control Committee and shall have the right to appoint all successor members until five (5) years from the date of recording of this Declaration.

23. Additional Duties and Powers of Association. In addition to the duties and powers of the Association, as here-

in above set forth, and in addition to any powers and duties set forth in the Articles of Incorporation and By-Laws of the Association, the Association shall:

(a) Own in fee simple, maintain, and otherwise own and manage all the common area and all facilities, improvements and landscaping thereof, together with all property that may be acquired by the Association.

(b) Maintain the exterior of the houses in the manner and subject to the limitations set forth in this Declaration.

(c) Have the authority to obtain (but shall not be required to do so) for the benefit of all the houses, all the water, sewer, cable television, and electric service and garbage collection.

(d) Grant easements where necessary for utilities, cable television, and sewer and drainage facilities over the cross-easements and common areas.

(e) Maintain such policy or policies of insurance as the Board of Directors deems necessary or desirable in protecting the interest of the Association and its members.

(f) Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association.

24. Exterior Maintenance of Houses and Other Areas.

The Association shall, notwithstanding anything to the contrary contained in this Declaration and notwithstanding the ownership of any particular parcel of land, provide exterior maintenance of each house and lot (which shall be subject to assessment) and of each patio as follows: paint, maintain, and replace (if required because of normal wear, tear, or deterioration), roofs, gutters, downspouts, and exterior building surfaces including patio fencing and storage areas. The Association shall also maintain all areas covered by cross-easements as set forth and defined in paragraph

9 above. The Association shall also maintain the landscaping including the trees, shrubs, and grass within the boundaries of each lot, excluding any portion which these Covenants or the rules and regulations define as being the responsibility of the homeowner. The Association may by rule and regulation set aside a portion of each lot as to each house which may be landscaped by each respective homeowner. Such maintenance shall not include: the air conditioning units of the houses; glass surfaces; landscaping inside the enclosed patio area of each house; repairs or replacements arising out of or caused by the willful or negligent act of the perils covered by a standard form fire insurance policy with extended coverage endorsement thereon or caused by flood, earthquake, or other acts of God. The Association may, by rule duly adopted, reasonably regulate the use of all areas and lands which are to be maintained by the Association; provided, however, that any such rule of the Association may not be less restrictive than any covenant set forth herein. Such excluded items shall be the responsibility of each homeowner; provided, however, that if a homeowner shall fail to maintain or make the repairs or replacements which are the responsibility of such homeowner, then upon vote of a majority of the Board of Directors of the Association and after not less than thirty (30) days notice to the owner, the Association shall have the right (but not the obligation) to enter the house and provide such maintenance or make such repairs or replacements and the cost thereof shall be added to the assessments chargeable to such homeowner and shall be payable to the Association by such homeowner under the same terms and conditions as any other assessment. For the purpose solely of performing the maintenance authorized by this paragraph, the Association's agent or employee shall have the right after reasonable notice to the homeowner to enter any house or any lot.

25. Use of Recreational Facilities. The Association shall have the right to limit the number of homeowners' guests who may use the recreational facilities and from time to time may provide and adopt regulations relating to and controlling the use of such facilities.

26. Easements. The following easements shall be deemed to be covenants running with the land with relation to houses, common areas and the property. These easements are not in limitation of any easement defined, imposed and created in paragraph 9 above but are supplemental thereto:

(a) Utility easements are reserved through the property for utility services in order to properly and adequately serve all areas of the property; provided, however, that such easements through any house shall be only according to the plans and specifications or as the building is actually constructed unless approved in writing by the homeowner. Utilities as used in this paragraph shall be given a broad meaning and shall include but not be limited to an easement for the installation, repair, and maintenance of electric, telephone, water, cable television, and sanitary sewer lines and facilities, and drainage facilities.

(b) An easement is hereby reserved and granted for pedestrian traffic and drainage over, through, and across sidewalks, paths, walkways, and lanes as the same may exist from time to time upon, on or over the common areas and those areas described in paragraph 9. Said easements are hereby reserved and granted to the homeowners, their guests and invitees for vehicular and pedestrian traffic over, through and across such driveways and parking areas as from time to time may be paved and intended for such purposes. Such easements are specifically imposed on all areas of the property used as set forth above, including but not limited to the areas and parcels of property, defined, described and set forth in paragraph 9 above.

(c) If any house shall encroach upon any common element or area, or other house by reason of original construction, then an easement appurtenant to such encroaching house, to the extent of such encroachment, shall exist so long as such encroachment shall exist. If any original construction or uses of any common elements or areas encroaches upon any house, then an easement appurtenant to such common element or area to the extent of such encroachment shall exist so long as such encroachment shall exist. As used herein, the term "original construction" shall also be deemed to include any settlement, moving or shifting of such construction subsequent to the completion of construction.

(d) Whenever sanitary sewer, water, electricity, cable television, telephone lines or connections are installed within the property, which connections or lines or any portions thereof lie in or upon homes owned by other than the owner of a house served by said lines or connections, the owner of any house served by said connections shall have the right and is hereby granted an easement to the full extent necessary therefor to enter upon such house or houses or to have the utility companies enter upon the houses in the properties in or upon which said connections or lines or any portions thereof lie or are located, to repair, replace and generally maintain said connections as and when the same may be necessary. Whenever sanitary sewer, water, electricity, cable television or telephone lines or connections are installed within the property, which connection or lines serve more than one (1) house, the owner of each such house served by said connection and lines shall be entitled to the full use and enjoyment of such portions of said connections and lines as services his house.

(e) The Declarant, its successors and assigns hereby reserve and there is hereby granted to Declarant, its successors and assigns, an easement for ingress and egress and for sewer,

water, electricity, telephone, cable television and similar facilities over, across, under, in and to all areas for the furnishing of such benefits and services to those lands described in Exhibit "A" attached hereto. Said easement shall also include the right to use such roadways as are located upon the property.

27. Land Use and Building Type. No house shall be occupied or used except for residential purposes by the homeowners, their tenants and social guests except that Declarant, its successors, or assigns may use houses for model homesites and for display and sales offices.

28. Nuisances. No noxious or offensive activities shall be carried on in, upon, or around any house or in the common elements or areas nor shall anything be done thereon which may be or may become an annoyance or a nuisance to the remaining homeowners or any of them or which shall in any way interfere with the quiet enjoyment of each of the homeowners of his respective house or which shall in any way increase the rate of insurance for the property.

29. Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn, or other out building shall be used on any property at any time as a residence, either temporarily or permanently; provided, however, Declarant may maintain offices or storage facilities during construction.

30. Signs. No sign or billboard of any kind shall be displayed to the public view on any house or any portion of the common elements or limited common elements except one (1) sign of customary and reasonable dimension advertising the house for sale or rent or except signs used by Declarant, its business successors or assigns to advertise the property or houses during the construction and sale. No "For Sale" or

"For Rent" signs shall be posted or displayed by homeowners other than Declarant until the Declarant has sold the last house.

31. Garbage Disposal. All rubbish, trash and garbage shall be regularly removed from the property and shall not be allowed to accumulate thereon. All trash, garbage and other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

32. Radio and Television Antennas. No alteration to or modification of any radio or television antenna system, as developed by the Declarant, shall be permitted, and no homeowner may be permitted to construct or use and operate his own external radio or television antenna.

33. Right to Lease. The respective houses shall not be rented by the owners thereof for transit or hotel purposes which shall be defined as rental for any period less than ninety (90) days. Other than the foregoing obligations, together with any other specific limitations set forth in this Declaration, the homeowners shall have the absolute right to lease their houses provided that the lease is made subject to the covenants, conditions, restrictions, limitations and uses contained in this Declaration and those contained in the Articles of Incorporation of said Association and the By-Laws of the Association. Only the person or party in possession of any house, whether the fee owner or his lessee, shall be entitled to the use of the recreational facilities and the common areas.

34. Insurance. All insurance policies upon the property, other than title insurance, shall be purchased by the Association. The named insured shall be the Association individually and as agent for the homeowners without naming

them individually and as agent for their mortgagees. Provisions shall be made for the issuance of mortgagee endorsements and memoranda of insurance to each homeowner's mortgagee. Such policy or policies shall provide that all payments by the insurer for losses shall be made to the Insurance Trustee, hereinafter designated, and all such policies and endorsements relating thereto shall be deposited with said Trustee. Nothing contained herein shall be deemed to prohibit or in any way prevent homeowners from obtaining, at their own expense, insurance covering their personal property and to cover their personal liability and living expense or to obtain such other insurance as may be available to them so long as the same in no way affects the coverage obtained by the Association. Such insurance as is obtained by the Association shall include the following coverages:

(a) All buildings and improvements located on the property and all personal property located on the common areas and owned by the Association shall be insured in an amount equal to the maximum insurable replacement value excluding foundation and excavation cost as is determined annually by the Board of Directors of the Association. Such coverage shall afford protection against loss or damage by fire and other hazards covered by fire insurance and a standard extended coverage endorsement together with such other risks as are customarily insured against with respect to buildings similar to the buildings located upon the property.

(b) Public liability insurance in such amounts and with such coverage as shall be determined by the Board of Directors of the Association with cross liability endorsement to cover liabilities of the respective homeowners as a group to an individual homeowner.

(c) Such workmen's compensation insurance as is required by law.

(d) Such other insurance as the Board of Directors of the Association shall determine to be desirable.

All premiums payable for insurance policies purchased by the Association shall be paid by the Association as a common expense. The Association is hereby irrevocably appointed Agent for each homeowner to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of all claims.

35. Insurance Trustee. All insurance policies purchased by the Association shall be for the use and benefit of the Association and the homeowners and their mortgagees, as their respective interest may appear, and such policy shall provide that all proceeds covering property losses shall be paid to any bank in Florida as Trustee, which bank has been designated as Insurance Trustee by the Board of Directors of the Association. Such Trustee is referred to herein as the "Insurance Trustee". The following terms and conditions shall be applicable to the service of said Trustee.

(a) The Insurance Trustee shall not be liable for payment of premiums for the renewal or the sufficiency of policies or for the failure to collect any insurance proceeds.

(b) The duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold them in trust for the benefit of the homeowners, their mortgagees and the Association as hereinafter set forth. An undivided share of such proceeds, on account of damage to common elements or areas, shall be held for the benefit of the Association as to the improvements and property owned thereby; provided, however, payment to the Association shall discharge the Trustee from any liability for proceeds relating to losses paid in reference to the common elements. Proceeds received by the Trustee, resulting from damage to houses, shall be held for the respec-

tive owners of the damaged houses in proportion to the cost of repairing the damage suffered by each house, which cost and proportionate share shall be determined by the Association. In the event a mortgagee endorsement has been issued as to any particular house, the share of the owner of said house shall be held in trust for the mortgagee and the homeowner as their interest may appear.

(c) Proceeds of insurance policies received by the Insurance Trustee shall be distributed as follows:

(i) All expenses of the Insurance Trustee shall be paid first;

(ii) If the damage for which the proceeds were paid is to be repaired or reconstructed, the remaining proceeds allocable to said damage shall be expended as provided in this Declaration. The proceeds, if any, remaining after payment of the cost of such repairs or construction shall be distributed to the beneficial owners and in the event any mortgagee has an interest in and to said remaining funds, said funds shall be paid jointly to the homeowner and mortgagee. This covenant and agreement is for the benefit of any and all parties holding mortgages on houses located on the property;

(iii) If it is determined, in accordance with the provisions of this Declaration, that the damage for which the proceeds were paid shall not be reconstructed or repaired, the amount due to the mortgagee shall be remitted jointly to the homeowner and his mortgagee. This covenant is for the benefit of any and all persons holding mortgages upon any houses located on the property.

(iv) With regard to distributing funds under any provisions of this Declaration, the Insurance Trustee shall be entitled to rely upon a written statement of the Association as to the names of the homeowners and the respec-

tive shares to which they are entitled and also as to whether or not the house is to be reconstructed or repaired.

36. Reconstruction or Repair After Casualty Loss. If any part of the property shall be damaged by casualty, the following provisions shall apply:

(a) Damaged or destroyed common elements shall be repaired or replaced unless the Association is dissolved and terminated according to law or under the terms hereof.

(b) Any damage or destruction to houses and limited common elements shall be repaired or reconstructed unless these Restrictive Covenants are terminated in accordance with law or other provisions hereof. In the event the proceeds of insurance policies held by the Association are insufficient to rebuild or repair a house or houses and the owner or owners thereof do not have adequate funds to rebuild or restore said house or houses, then the Association may use funds from its account, or if necessary, from levying a special assessment on all homeowners to restore or rebuild said house or houses and the cost of restoration or rebuilding shall become a lien upon said house or houses to be paid in accordance with the terms and conditions to be set by the Association, and in the event of default of said terms and conditions, said lien shall be subject to foreclosure by the Association. In the event of any such foreclosure, the Association shall be entitled to recover all legal costs including a reasonable attorney's fee.

(c) Any repair, restoration, or reconstruction must be substantially in accordance with the plans and specifications of the original building or as the building was last constructed or according to plans and specifications approved by the Board of Directors of the Association, which approval shall not be unreasonably withheld.

37. Lawful Use. No immoral, improper, offensive, or unlawful use shall be made of the property or any part of it.

All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction over the property shall be observed.

38. Regulations. Reasonable regulations concerning the use of property (including common areas and all other areas which the Association maintains, regardless of fee ownership, may be made and amended from time to time by the Association in the manner provided by its Articles of Incorporation and By-Laws. Copies of such regulations and amendments shall be furnished by the Association to all homeowners and residents of the houses upon request. Until changed by the Board of Directors of the Association, the initial regulations shall be those that are set forth in Exhibit "F" attached hereto and by reference made a part hereof.

39. Limitation of Liability of Association. Notwithstanding the duties of the Association, specifically including but not limited to its duty to maintain and repair portions of the property, the Association shall not be liable to homeowners for injury or damage other than the cost of maintenance and repair as required hereunder caused by any latent defect or condition of the property owned, or to be maintained and repaired by the Association or caused by acts of God or by third persons.

40. Estimates of Cost of Repairs and Reconstruction. Within a reasonable time after a casualty or loss to property for which the Association has ownership, and/or the responsibility of maintenance and repair, the Association shall obtain reasonably accurate estimates of the cost of repairing or replacing said damaged property.

41. Resale of Houses. Inasmuch as each homeowner has an interest in assuring that all houses are owned by persons who are financially responsible, LEE A. EVERHART & COMPANY,

INC., a Florida corporation with its principal place of business in Tallahassee, Leon County, Florida is granted the exclusive right to resell all houses for a period of two (2) years from the date of sale and delivery of deed as to each house. This provision shall not apply to any sale through foreclosure proceedings under the laws of the State of Florida. Each homeowner acknowledges that he understands the meaning of the term "exclusive right of sale" and further acknowledges that under the same, the Declarant is entitled to payment of a normal and customary real estate commission prevailing in Tallahassee, Leon County, Florida, for the sale of residential properties, regardless of whether any sale is effectuated by the homeowner or any other broker.

42. Enforcement of Obligations. Each homeowner shall be governed by and shall comply with the terms of this Declaration, the Articles of Incorporation of the Association, the By-Laws of the Association and Regulations adopted by the Association. Upon failure of a homeowner to so comply, the Association and other homeowners shall have the right to institute legal proceedings to require such compliance. In any such proceedings, the prevailing party shall be entitled to recover its or his legal cost including a reasonable attorney's fee. The failure of the Association or any homeowner to enforce any right, requirement, restriction, covenant or other provisions of the hereinabove documents shall not be deemed to be a waiver of the right to seek judicial redress against subsequent noncompliance therewith.

43. Amendments to Declaration. Except as otherwise specifically provided herein, this Declaration of Restrictive Covenants may be amended in accordance with the following provisions:

(a) Notice of the proposed amendment shall be given in writing to the Board of Directors and homeowners and lienholders of record. Such notice shall be deemed complete upon the mailing of the same by ordinary mail addressed to the homeowners at their respective houses located within the property at least seven (7)

days prior to said meeting. OFF REC 935 PAGE 1795

(b) At any meeting relating to which the above required notice has been given, a resolution adopting said proposed amendment shall become effective upon compliance with the following:

(i) Said resolution is approved by the owners of seventy-five percent (75%) of the houses, together with approval of seventy-five percent (75%) of the membership of the Board of Directors and seventy-five percent (75%) of the lienholders of record; or

(ii) Said proposed amendment is approved by the owners of not less than eighty percent (80%) of the houses; and

(iii) A copy of said resolution, certified to by the President and Secretary of the Association as having been duly adopted, is filed in the Public Records of Leon County, Florida.

(c) Notwithstanding any of the above provisions contained in this paragraph numbered 43, no amendment shall be adopted which discriminates against any homeowner or group of homeowners without their express consent. No amendment shall change any boundaries of any house nor increase the percentage of the owner's obligation for common expenses unless the homeowner or homeowners affected thereby expressly consents to such action in writing.

44. Termination of Restrictive Covenants. These Restrictive Covenants may be terminated under the following terms, conditions, and procedures:

(a) These covenants, obligations, and restrictions created by this document may be terminated at any time by the approval in writing of the owners of all houses within the property and by all lienholders of record, and upon approval of the Board of Directors of the Association. All consents

must be in writing and the unanimous consent of all mortgage lienholders shall be required.

(b) Termination may be proposed to the Association and the Association shall then give written notice to homeowners as hereinabove provided. If the proposed termination is approved at a meeting of the members of the Association by the owners of not less than seventy-five percent (75%) of the interest in and to the common elements, the proposed termination shall be deemed to have been approved by the homeowners. Thereafter, the Association shall submit such proposed termination to lienholders of record and upon obtaining written approval of lienholders holding one hundred percent (100%) of the dollar amount of secured indebtedness of record, the mortgagees and lien holders shall be deemed to have approved said termination. Upon the foregoing approval of the homeowners and lienholders being obtained, the homeowners approving said termination shall have the option to purchase the houses owned by the dissenting homeowners within sixty (60) days after the above approval of the lienholders of record is obtained. The option to purchase said houses shall be exercised by written instrument which shall be delivered in person or mailed by certified or registered mail, return receipt requested, to each of the dissenting homeowners of record. Said notices may be mailed as aforesaid to the mailing address of each of said houses. Said written notice shall set forth which houses will be purchased by which participating homeowner or homeowners; provided, however, that not less than all houses owned by dissenting homeowners shall be purchased. The sale price for each house shall be the fair market value thereof, determined by agreement between the Seller and Purchaser within thirty (30) days from the date of delivery or mailing of the hereinabove described written notice of exercise of option, and in the

event the parties are not able to agree upon the fair market value thereof, then, in such event, the fair market value shall be determined through arbitration under the provisions of the Florida Arbitration Code. Any homeowner or group of homeowners purchasing a house from a dissenting homeowner may not subsequently disapprove the termination hereof. The cost of appraisal, if applicable, shall be equally divided between the purchaser and the seller, and closing costs and cost of sale and purchase shall be borne by the respective parties in accordance with local custom applying to sales and purchases of single-family residences.

(c) The termination of these Restrictions shall be evidenced by a Certificate of the Association executed by the President and attested by the Secretary certifying as to the compliance with the foregoing provisions, which termination shall become effective upon a Certificate in proper form being recorded in the Public Records of Leon County, Florida.

(d) After termination hereof, in any manner, the homeowners shall own the common elements and areas, and all assets of the Association as tenants in common in undivided shares and their respective mortgagees and lienors shall have mortgages and liens upon the respective undivided shares of the respective homeowners. Such undivided shares of the homeowners shall be the same proportionate or percentage share as the undivided shares in the common elements appurtenant to the homeowners prior to such termination.

45. Sale, Lease and Other Disposition of Houses by Declarant. None of the limitations contained in this Declaration of Restrictive Covenants relating to the sale, leasing, devise, or otherwise disposing of houses shall apply to Declarant.

46. Management Contract. Until the sale of the last house, including land referred to in paragraph 51 and identified

as Exhibit "H", or the expiration of two (2) years from the date hereof, the Declarant shall have the right to manage said common areas and perform all maintenance which is to be performed by the Association. The same may be performed under that certain Management Contract entered into by and between Declarant and the Association, a copy of which is attached hereto marked Exhibit "G", and by reference made a part hereof. The Declarant may, at its option, continue to manage under said Management Contract for an additional year. Declarant may terminate the Contract upon thirty (30) days written notice to Association. If the Contract with Declarant is terminated in accordance with law or in accordance with the provisions thereof, then, in such event, a majority of the first mortgagees of record shall have the right to require the Association to enter into a contract for professional management and maintenance. Said mortgagees shall not have the right to designate what person or company shall perform said services but shall have the right of approving the person or entity with which the Association contracts for said services.

47. Amendments Relating to Termination. The provisions of this Declaration relating to termination hereof can be amended only with the consent of all homeowners and all lienholders of record, and any other provisions to the contrary contained herein shall be of no application to amendments relating to termination.

48. Development by Declarant. No provisions contained herein shall prevent Declarant, its contractors or subcontractors from performing such work and activities as are reasonably necessary or advisable in connection with the construction of any of the common elements, limited common elements, or houses nor shall said provisions in any way prevent the Declarant from maintaining such sign or signs on the property as may be necessary for the sale, lease or other disposition thereof, including the lands described in paragraph 51 (Exhibit "H").

49. Election of Board of Directors and Voting Rights of Declarant. The Declarant shall be a member of the Association for the purpose of voting and shall have a number of votes equal to thirty-nine (39) less the number of houses conveyed by Declarant to third parties. Such voting rights are not in limitation or derogation of other rights and privileges of Declarant as set forth in this Declaration but instead are in addition to said rights and privileges. In addition to all other rights and privileges granted to the Declarant under this Declaration and any provisions of the Articles of Incorporation and By-Laws to the contrary, the Declarant shall be entitled to appoint a majority of the members of the Board of Directors of the Association. This right shall continue until the sooner occurrence of: (1) the expiration of three (3) years from the date hereof; or (2) the Declarant has sold all houses located on the property.

50. Termination of Responsibility of Declarant. At such time as the Declarant sells, conveys, or otherwise disposes of its interest in and to all of the houses, the Declarant shall be relieved of the performance of any duty or obligation hereunder.

51. Phase II Use of Common Area. Notwithstanding anything to the contrary contained in this Declaration, Declarant reserves the right to develop lands which are contiguous with and adjoin the property described in Exhibit "H" attached hereto. At such time, Declarant reserves the right to make such additional property subject to this Declaration of Restrictive Covenants subject to such modification to this Declaration as Declarant may desire provided no such modification shall be effective as to the lands described in paragraph 1 above. The common area described in the exhibits attached hereto shall contain thereon a swimming pool and other recreational facilities which may be used by those persons and parties purchasing property in such additional development (Phase II Land and Houses) if Declarant so elects. In such event, such additional property

shall be subject to this Declaration, and all persons and parties shall become members of the Homeowners Association hereinabove mentioned. However, in such event, Phase II Land and Houses may have a separate budget for maintenance, repairs, etc. for determining the amount of assessments to be made under this Declaration pursuant to paragraph 12, et seq., including but not limited to an increased maximum annual assessment under paragraph 15 above. At such time, if necessary, Declarant may cause the Articles of Incorporation of such Homeowners Association to be amended to provide for such additional members, provided Declarant agrees that a maximum number of 59 living units will be allowed on said adjoining lands.

52. Variations. Variations for minor deviations from this Declaration may be granted by Declarant at any time to Declarant or any property owner within the property. Variations for such minor deviations, if any, are discretionary and may be granted only by Declarant.

53. Titles. The titles of each of the paragraphs or subdivisions thereof contained herein are for convenience only and shall be deemed to have no legal effect.

54. Severability. The invalidity in whole or in part of any covenant, condition, restriction, agreement, provision, section, subsection, sentence, clause, phrase, or word contained in this Declaration or in the Articles of Incorporation, By-Laws and Regulations of the Association shall not affect the validity of the remaining portions.

55. Miscellaneous. The term "Declarant" shall be deemed to include both the singular and plural where appropriate, and where the masculine gender is used, it shall include either masculine or feminine, where appropriate.

IN WITNESS WHEREOF, the Declarant, EVERHART CONSTRUCTION COMPANY, INC., has caused this Declaration of Restrictive Covenants to be executed and its corporate seal to be

affixed the day and year first above written.

WITNESSES:

Francis Ann Cook
Charlotte M. Jett

EVERHART CONSTRUCTION COMPANY, INC.

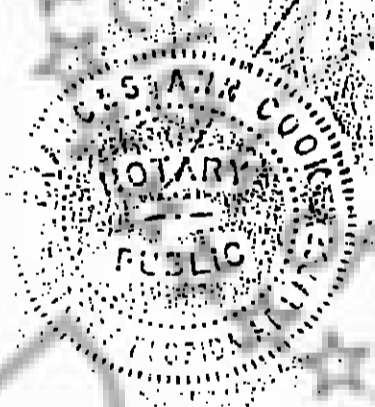
By: Lee A. Everhart
LEE A. EVERHART, President

(CORPORATE SEAL)

STATE OF FLORIDA,
COUNTY OF LEON.

I HEREBY CERTIFY that on this day, before me, a Notary Public duly authorized in the State and County aforesaid to take acknowledgments, personally appeared LEE A. EVERHART to me known to be the person described as President of EVERHART CONSTRUCTION COMPANY, INC., a Florida corporation, in and who executed the foregoing DECLARATION OF RESTRICTIVE COVENANTS OF VILLAS, UNIT 2, AT TALLAHASSEE, FLORIDA, and acknowledged before me that that person executed the foregoing DECLARATION OF RESTRICTIVE COVENANTS OF VILLAS, UNIT 2, AT TALLAHASSEE, FLORIDA in the name of and for that corporation, affixing the corporate seal of that corporation thereto; that as such corporate officer that person is duly authorized by that corporation to do so; and that the foregoing DECLARATION OF RESTRICTIVE COVENANTS OF VILLAS, UNIT 2, AT TALLAHASSEE, FLORIDA, is the act and DECLARATION OF RESTRICTIVE COVENANTS OF VILLAS, UNIT 2, AT TALLAHASSEE, FLORIDA, of that corporation.

WITNESS my hand and official seal in the County and State named above this 3rd day of August, A.D. 1979.



Francis Ann Cook
NOTARY PUBLIC
My Commission Expires: 8/15/81

NOTARY PUBLIC STATE OF FLORIDA AS LATTER
BY COMMISSION EXPIRES OCT. 15 1981
BONDED THRU GENERAL INS. UNDERWRITERS

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LEGAL DESCRIPTION

THE VILLAS
Phase I

SOUTH CUL DE SAC

BEGIN at an old terra cotta monument marking the Southwest corner of Mallard Hills, a subdivision as per map or plat thereof recorded in Plat Book 8, Page 21, of the Public Records of Leon County, Florida, and run South 89 degrees 59 minutes 11 seconds West, along the South boundary of the Northeast Quarter of Section 24, Township 1 North, Range 1 West, a distance of 582.43 feet to the East right-of-way boundary of Dellwood Drive; run thence North 00 degrees 15 minutes 40 seconds West along said East right-of-way a distance of 314.88 feet; run thence North 89 degrees 59 minutes 11 seconds East a distance of 582.77 feet to an old concrete monument marking the Northwest corner of said Mallard Hills; run thence South 00 degrees 11 minutes 56 seconds East along the West boundary of Mallard Hills a distance of 314.82 feet to the POINT OF BEGINNING, containing 4.211 acres, more or less.

EXHIBIT A.

BY-LAWS

OF

VILLAS HOMEOWNERS' ASSOCIATION, INC.

A Corporation Not for Profit
Under the Laws of the
State of Florida

The following are the By-Laws of VILLAS HOMEOWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association", a corporation not for profit, organized and existing under the laws of the State of Florida, which By-Laws have been duly adopted by the Board of Directors of the Association. All terms used herein which are defined in the Villas, Unit 2 Declaration of Restrictive Covenants, as recorded in Official Records Book _____, at Page _____, of the Public Records of Leon County, Florida, shall be deemed to have the same definition herein.

1. Seal.

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

2. Members' Meetings.

(a) The annual members' meeting will be held at the principal office of the Association at 1:00 p.m., Eastern Standard Time, on the second Tuesday in the month of April

of each year beginning 1980, for the purpose of electing Directors and transacting any other business authorized to be transacted by the members. If that day is a legal holiday, the meeting shall be held at the same hour on the next day which is not a legal holiday.

(b) Special meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members entitled to cast one-third of the votes of the entire membership.

(c) Notice of all members' meetings, stating the time and place and the objects for which the meeting is called, shall be given by the President or Vice President or Secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. Notice of meeting may be waived before or after meetings.

(d) A quorum at such meetings shall consist of persons entitled to cast a majority of the votes of the entire membership.

(e) In any such meeting, each member shall be entitled to cast one vote for each house owned by said member. If a house is owned by more than one person, or is under lease,

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the person entitled to cast the vote for the house shall be designated by a certificate signed by all of the record owners of the house and filed with the Secretary of the Association. If a house is owned by a corporation, the person entitled to cast the vote for the house shall be designated by a certificate of appointment signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Association. Such certificates shall be valid until revoked, or until superseded by a subsequent certificate, or until the Association has been duly notified in writing of a change of ownership. A certificate designating the person entitled to cast the vote of a homeowner may be revoked in writing by any owner thereof.

(f) Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote. They shall be valid only for the particular meeting designated and must be filed with the Secretary before the appointed time of the meeting.

(g) The order of business at annual members' meetings, and as far as practical at all other members' meetings, shall be:

- (i) election of chairman;
- (ii) calling of the roll and certifying of proxies;
- (iii) proof of notice of meeting or waiver of notice;

- (iv) reading and approval of prior minutes;
- (v) reports of officers;
- (vi) reports of committees;
- (vii) election of directors (if necessary);
- (viii) unfinished business;
- (ix) additional new business; and
- (x) adjournment.

3. Directors.

(a) The affairs of the Association shall be managed by a Board of five (5) Directors.

(b) Election of Directors shall be conducted at the annual meeting of members. A nominating committee of five (5) members shall be appointed by the Board of Directors not less than thirty (30) days prior to the annual meeting. The committee shall nominate one person for each Director then serving. Additional nominations for Directorships and Directors may be made from the floor. The election shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

(c) Except as to vacancies provided by removal of Directors by members, vacancies in the Board of Directors

occurring between annual meetings of members shall be filled by the remaining Directors.

(d) Any Director elected by the members may be removed by concurrence of two-thirds of the votes of the entire membership at a special meeting of the members called for that purpose. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

(e) Until the Declarant has completed and sold all of the houses on the Project or until three (3) years from the date of the Declaration, or until the Declarant elects to terminate its control of the development, whichever shall first occur, the first Directors of the Association shall continue to serve, and in the event of vacancies, the remaining Directors shall fill the vacancies, and if there are no remaining Directors, the vacancies shall be filled by the Declarant.

(f) The term of each Director's service shall extend until the next annual meeting of the members and thereafter until his successor is duly elected and qualified or until he is removed in the manner elsewhere provided.

4. Directors' Meetings.

(a) The organizational meeting of a newly-elected Board of Directors shall be held within ten days of its election at such place and time as shall be fixed by the Directors at the

meeting at which they were elected.

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(b) Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, Notice of regular meetings shall be given to each Director, at least three days prior to the day named for such meeting.

(c) Special meetings of the Directors may be called by the President and must be called by the Secretary at the written request of a majority of the Directors. Notice of the meeting shall be given at least three days prior to the day named for such meeting, which notice shall state the time, place and purpose of the meeting.

(d) Any Director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

(e) A quorum at Directors' meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except where approval by a greater number of Directors is required by the Declaration of Restrictive Covenants, Articles of Incorporation, or these By-Laws. If at any meeting of the Board of Directors less than a quorum is present, the majority of those

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present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

(f) The presiding officer of Directors' meetings shall be the President. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

(g) The order of business at Directors' meetings shall be:

- (i) calling of roll;
- (ii) proof of due notice of meeting;
- (iii) reading and appraisal of minutes of the prior meeting;
- (iv) reports of officers and committees;
- (v) election of officers;
- (vi) unfinished business;
- (vii) new business; and
- (viii) adjournment.

5. Power and Duties of the Board of Directors. All of the powers and duties of the Association existing under the

Declaration, the Articles of Incorporation, and these By-Laws shall be exercised exclusively by the Board of Directors, its agents, contractors, or employees, subject only to approval by homeowners when such is specifically required. Compensation of employees of the Association shall be fixed by the Directors.

A Director may be an employee of the Association, and a contract for management of the Association may be entered into with a Director.

6. Officers.

(a) The executive officers of the Association shall be a President, who shall be a Director, a Vice President, a Secretary, a Treasurer, and an Assistant Secretary, all of whom shall be elected annually by the Board of Directors and who may be removed by vote of the Directors at any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary or an Assistant Secretary. The Board of Directors may from time to time elect other officers to exercise such powers and duties as the Board shall find to be required to manage the affairs of the Association. Compensation of officers shall be fixed by the Board of Directors.

(b) The President shall be the Chief Executive Officer of the Association. He shall have all of the powers and duties which are usually vested in the Office of President

of an Association, including but not limited to the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

(c) The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

(d) The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors and other notices required by law. He shall have custody of the seal of the Association and affix it to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an Association and as may be required by the Directors or the President. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

(e) The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences

of indebtedness. He shall keep the books of the Association in accordance with good accounting practice and shall perform all other duties incident to the office of Treasurer.

7. Accounting. The funds and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

(a) "Current Expenses", which shall include all funds and expenditures to be made within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves, to additional improvements, or to operations. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expenses for the succeeding year.

(b) "Reserve for replacement and additional improvement" which shall include funds for maintenance items which occur less frequently than annually, funds for repair or replacement required because of damage, depreciation or obsolescence, and funds to be used for capital expenditures for additional improvements or additional personal property which will be a part of the common elements and areas.

8. Budget. The Board of Directors shall adopt a budget for each calendar year which shall include the estimated funds

required to defray common expenses and to provide funds for the accounts listed in Section 7 of these By-Laws.

9. Assessments.

(a) Assessments against the homeowners for their share of the items of the budget shall be made on or before December 1, of the year preceding the year for which the assessments are made. Such assessments shall be due in monthly payments on the first day of each month for which the assessments are made. If an assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment. In the event the assessment proves to be insufficient, the budget and assessments therefor may be amended at any time by the Board of Directors if the items of the amended budget do not exceed the limitations thereon for that year. Any item which does exceed the limitation shall be subject to the approval of the membership of the Association as provided in the Declaration. The unpaid assessment for the remaining portion of the calendar month for which the amended assessment is made shall be due upon the date of the assessment.

(b) If a homeowner shall be in default in the payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessment upon notice thereof to the homeowner, and thereupon the unpaid

balance of the assessment shall come due upon the date stated in the notice, but not less than ten days after the mailing of such notice to him by registered or certified mail, whichever shall first occur.

(c) Assessments for common emergency expenses which cannot be paid from the annual assessments for common expenses shall be made only after notice of the need therefore to the homeowners concerned. After such notice and upon approval in writing by persons entitled to cast more than one-half of the votes of the homeowners concerned, the assessment shall become effective, and it shall be due after thirty days' notice thereof in such manner as the Board of Directors may require.

(d) The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the monies of the Association shall be deposited. Withdrawals of monies from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

(e) An audit of the accounts of the Association shall be made annually by a Certified Public Accountant, and a copy of the report shall be furnished to each member not later than April 1, of the year following the year for which the report is made.

(f) Fidelity Bonds may be required by the Board of Directors from all persons handling or responsible for Association

funds. The amount of such bonds shall be determined by the Directors, but shall be at least one-half of the amount of the total annual assessments against members for common expenses. The premiums on such bonds shall be paid by the Association.

10. Amendments. The By-Laws may be amended in the following manner:

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

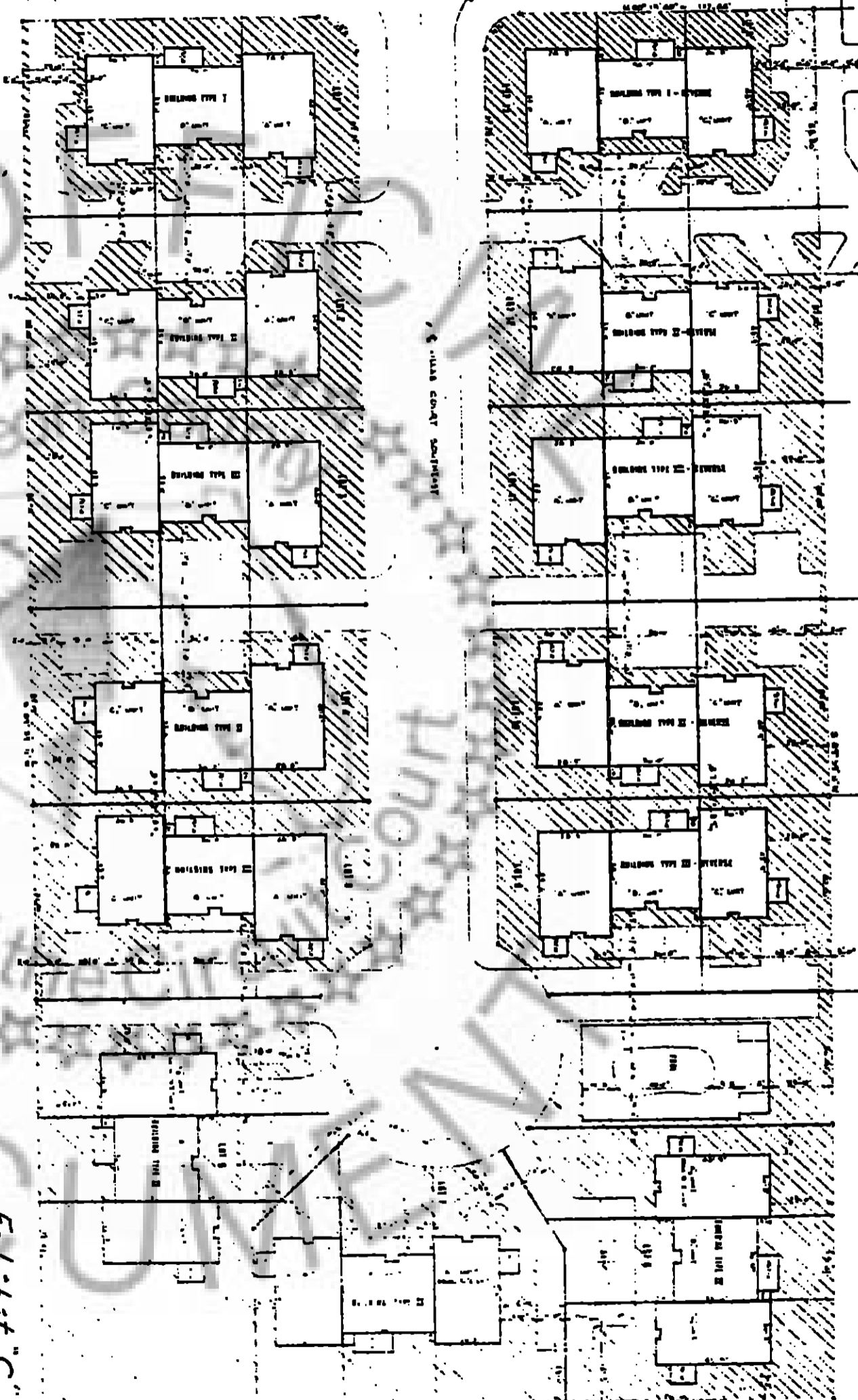
(b) A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members of the Association. The same must be approved by a majority of the members of the Board of Directors and by a majority of the votes of the members of the Association.

(c) No amendment shall discriminate against any homeowner or against any house or class or group of houses unless the homeowner so affected shall consent in writing, except as provided in Paragraph 43(c) of the Declaration. No amendment shall change any house nor increase the homeowner's share in the expenses, nor change the voting rights of members, unless the homeowner concerned and all record owners of liens thereon shall approve the amendment in writing.

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(d) A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the Public Records of Leon County, Florida.



SITE PLAN SOUTH COAST

- ADDRESS: 1 1/2 MILE S. OF DALLWOOD DRIVE
1. Lot 1: 1/2 acre, 100 sq. ft. building footprint
 2. Lot 2: 1/2 acre, 100 sq. ft. building footprint
 3. Lot 3: 1/2 acre, 100 sq. ft. building footprint
 4. Lot 4: 1/2 acre, 100 sq. ft. building footprint
 5. Lot 5: 1/2 acre, 100 sq. ft. building footprint
 6. Lot 6: 1/2 acre, 100 sq. ft. building footprint
 7. Lot 7: 1/2 acre, 100 sq. ft. building footprint
 8. Lot 8: 1/2 acre, 100 sq. ft. building footprint
 9. Lot 9: 1/2 acre, 100 sq. ft. building footprint
 10. Lot 10: 1/2 acre, 100 sq. ft. building footprint

Exhibit-C

THE VILLAS
ARCHITECTURAL COMPANY
1234567890

COMMON (POOL) AREA

COMMENCE at an old terra cotta monument marking the Southeast corner of Villas, Unit II, a subdivision as per plat thereof recorded in Plat Book 8, Page 34, of the Public Records of Leon County, Florida, and run thence North 00 degrees 11 minutes 56 seconds West 314.82 feet; thence South 89 degrees 59 minutes 11 seconds West 115.41 feet to the POINT OF BEGINNING.

Run thence South 00 degrees 00 minutes 49 seconds East 119.70 feet; thence South 42 degrees 04 minutes 30 seconds West 0.85 feet to a point on a curve concave to the South, run thence Northwesterly with a tangent bearing North 47 degrees 55 minutes 11 seconds West along said curve having a central angle of 68 degrees 05 minutes 24 seconds and a radius of 50 feet, an arc distance of 59.42 feet; run thence North 00 degrees 00 minutes 49 seconds West 112.50 feet; thence North 89 degrees 59 minutes 11 seconds East 56.00 feet to the POINT OF BEGINNING, containing .14 acre, more or less.

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ARTICLES OF INCORPORATION

OF

VILLAS HOMEOWNERS' ASSOCIATION, INC.
A Corporation Not For Profit

We, the undersigned, hereby associate ourselves together for the purposes of becoming incorporated under the laws of the State of Florida applicable to corporations not for profit under the following proposed charter, and do hereby certify as follows:

ARTICLE I. NAME.

The name of the corporation shall be VILLAS HOMEOWNERS' ASSOCIATION, INC.

ARTICLE II. PURPOSE AND POWERS.

The purpose for which this corporation is organized is to provide an entity pursuant to that Declaration of Restrictive Covenants (the Declaration) dated _____, 1979, and recorded in Official Records Book _____, at Page _____, of the Public Records of Leon County, Florida, for the operation of VILLAS, UNIT 2 (the Project), which Project is located upon those certain lands situate in Leon County, Florida, and more particularly described as follows:

BEGIN at an old terra cotta monument marking the Southwest corner of Mallard Hills, a subdivision as per map or plat thereof recorded in Plat Book 8, Page 21, of the Public Records of Leon County, Florida, and run South 89 degrees 59 minutes 11 seconds West, along the

South boundary of the Northeast Quarter of Section 24, Township 1 North, Range 1 West, a distance of 582.43 feet to the East right-of-way boundary of Dellwood Drive; run thence North 00 degrees 15 minutes 40 seconds West along said East right-of-way a distance of 314.88 feet; run thence North 89 degrees 59 minutes 11 seconds East a distance of 582.77 feet to an old concrete monument marking the Northwest corner of said Mallard Hills; run thence South 00 degrees 11 minutes 56 seconds East along the West boundary of Mallard Hills a distance of 314.82 feet to the POINT OF BEGINNING, containing 4.211 acres, more or less.

together with such additional lands as may be brought within the jurisdiction of this corporation by merger or consolidation as provided in Article VI hereof or pursuant to the Declaration as set forth therein.

The corporation shall have the following powers:

1. The corporation shall have all the common law and statutory powers of a corporation not for profit which are not in conflict with these Articles or with any laws of the State of Florida.
2. The corporation shall have all the powers and duties set forth in the Declaration of Restrictive Covenants, hereinafter referred to as the "Declaration", and all of the powers reasonably necessary to operate the Project as set forth in said Declaration, and as said Declaration may be amended from time to time.

3. In addition to the above set forth powers, the corporation shall have the following powers which are in addition to and not in limitation of any other powers of the corporation:

(a) To make and collect assessments against members to defray the cost, expenses and losses of the operation of the Project;

(b) To use the proceeds of all assessments in the exercise of its powers and duties;

(c) To own, acquire, build, operate and maintain all of the real and personal property relating to the ownership and operation of the Project;

(d) To maintain, repair, replace and operate the Project;

(e) To purchase insurance upon the Project, and insurance for the protection of the corporation and its members;

(f) To reconstruct or repair improvements after damage or destruction thereof, and to further improve the Project;

(g) To make, promulgate and amend reasonable regulations relating to the use of the Project;

(h) To approve or disapprove the transfer of mortgage and ownership on houses within the Project as may be provided by the Declaration;

(i) To enforce the provisions of the Declaration, these Articles of Incorporation, the By-Laws of the corporation, and the regulations for the use of the Project;

(j) To contract for the management of the Project and to delegate to such contractor or contractors all powers and duties of the corporation except such as are specifically required by the Declaration or by law to have approval of the Board of Directors, or of the membership of the corporation;

(k) To contract for the management or operation of portions of the common areas susceptible to separate management or operation, and to lease such portions;

(l) To employ personnel to perform the services required for proper operation of the Project;

(m) To operate and manage the Project in accordance with the sense, meaning, direction, purpose and intent of the Declaration as the same may be from time to time amended, and to otherwise perform, fulfill and exercise the powers, privileges, options, rights, duties, obligations and responsibilities entrusted or delegated to it by the Declaration;

(n) To pay taxes, if any, on the common areas and property owned by the Association located within said Project.

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ARTICLE III. MEMBERSHIP AND VOTING RIGHTS.

The members of the corporation shall consist of all homeowners as said term is defined in the Declaration of Restrictive Covenants above referred to. Upon any individual or entity ceasing to be a homeowner, his or its membership herein shall automatically terminate. Upon any individual or entity hereafter becoming a homeowner, said individual or entity shall automatically become a member of this corporation. The interest of a member in this corporation cannot be assigned, hypothecated or transferred in any manner except through the transfer of title to such homeowner's house, and said interest herein shall be deemed to be automatically transferred simultaneously with the transfer of title to said house. A member of the corporation shall be entitled to one vote for each house owned by him as provided in the Declaration.

ARTICLE IV. OFFICERS AND BOARD OF DIRECTORS.

The Board of Directors of the corporation shall have five (5) members who need not be members of the corporation. The first election of Directors shall not be held until such time as provided in the Declaration. Thereafter, the Directors shall be elected in accordance with the By-Laws of the corporation. Until the first election of Directors, the Directors herein named shall serve as the members of the Board of Directors, and any vacancy occurring before the first election shall be

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filled by the remaining Directors. The names and addresses of the members of the first Board of Directors who shall hold office until their successors are elected and have qualified are as follows:

Lee A. Everhart	916 Ivanhoe Road Tallahassee, Florida
Frances Ann Cook	932 Chestwood Avenue Tallahassee, Florida
Larry S. Wolfe	1003 East Call Street Tallahassee, Florida
Margaret R. Everhart	916 Ivanhoe Road Tallahassee, Florida
Carl R. Pennington, Jr.	325 John Knox Road Suite L-101 Tallahassee, Florida

The affairs of the corporation shall be managed by a President, Vice President, Secretary, Assistant Secretary and Treasurer, who shall be elected by the Board of Directors.

The Officers of said corporation shall serve at the pleasure of the Board of Directors unless otherwise provided by the By-Laws of the corporation. The names and addresses of the initial Officers who shall serve until their successors are designated by the Board of Directors are as follows:

Lee A. Everhart, President	916 Ivanhoe Road Tallahassee, Florida
Frances Ann Cook Vice President	932 Chestwood Avenue Tallahassee, Florida

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Margaret R. Everhart,
Secretary

916 Ivanhoe Road
Tallahassee, Florida

Frances Ann Cook,
Assistant Secretary

932 Chestwood Avenue
Tallahassee, Florida

Larry S. Wolfe,
Treasurer

1003 East Call Street
Tallahassee, Florida

The Directors and Officers may lawfully and properly exercise the powers of the corporation as herein set forth, notwithstanding the fact that some or all of them may have a direct or indirect interest in the entity that is the declarant, or may have an interest in the entity or entities with whom the corporation enters into contractual agreements. Any agreements entered into by and between the corporation and any entities in which the declarant or the Officers, Directors or Stockholders of declarant have an interest shall be conclusively presumed to have been made and entered into by the Directors and Officers of this corporation in the valid exercise of their lawful authority.

ARTICLE V. BY-LAWS.

The first By-Laws of the corporation shall be adopted by the Board of Directors, and may be altered, amended or rescinded in the manner provided in said By-Laws.

ARTICLE VI. MERGERS AND CONSOLIDATION.

Subject to any applicable laws of the State of Florida, the corporation may participate in mergers and consolidations

with other non-profit corporations organized for purposes similar to the purposes for which this corporation was organized.

ARTICLE VII. AMENDMENTS TO ARTICLES OF INCORPORATION.

These Articles of Incorporation may be amended as provided by law, subject to any limitations as may be imposed by the Declaration of Restrictive Covenants.

ARTICLE VIII. DURATION.

This corporation shall exist until such time as the Declaration of Restrictive Covenants is terminated.

ARTICLE IX. SUBSCRIBERS.

The names and residences of the subscribers of these Articles of Incorporation are as follows:

- Lee A. Everhart 916 Ivanhoe Road
 Tallahassee, Florida
- Larry S. Wolfe 1003 East Call Street
 Tallahassee, Florida
- Carl R. Pennington, Jr. 325 John Knox Road
 Suite L-101
 Tallahassee, Florida

IN WITNESS WHEREOF, the undersigned subscribers have hereunto set their hands and seals this _____ day of _____, 1979.

LEE A. EVERHART (SEAL)

LARRY S. WOLFE (SEAL)

CARL R. PENNINGTON, JR. (SEAL)

STATE OF FLORIDA,

COUNTY OF LEON.

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I HEREBY CERTIFY that on this day, before me, a Notary Public duly authorized in the State and County named above to take acknowledgments, personally appeared LEE A. EVERHART, LARRY S. WOLFE and CARL R. PENNINGTON, JR. to me known to be the person(s) described in and who executed the foregoing ARTICLES OF INCORPORATION, and acknowledged before me that they executed the same for the uses and purposes therein expressed.

WITNESS my hand and official seal in the State and County named above this _____ day of _____, 1979.

NOTARY PUBLIC

My Commission Expires:

VILLAS HOMEOWNERS ASSOCIATION, INC.

RULES AND REGULATIONS

1. Use of Premises.
All homes shall be used and occupied solely and exclusively for residential purposes. Unit owners shall not use or permit the use of their premises in any manner which will disrupt or be a nuisance to other owners or in such a way as to be injurious to the reputation of The Villas Property, nor for any unlawful purpose.
2. Common Areas.
Common areas shall not be obstructed, littered, defaced or misused in any manner.
3. Restrictive Covenants.
All of the restrictions, limitations and obligations of members as provided in the Restrictive Covenants of The Villas, Unit 2, are incorporated herein by reference and apply to all members of the Villas Homeowners Association, Inc.
4. Alterations.
To protect the value and the architectural beauty of the total project, no alterations to the exterior of the units, or the Common Area, or the cross-easement areas, may be made without written approval of the Villas Homeowners Association, Inc. This shall preclude any enlargement of the fenced-in area of individual patios; all other fencing is specifically prohibited. Paint colors (exterior) are not to be changed, nor surface treatments or textures applied, without such written approval.
5. Pets.
Household pets are permitted; however, the Villas Homeowners Association, Inc., may institute and require the leashing of dogs or cats, the walking of such pets in designated areas and/or require the homeowner to remove animal debris of the pet, if it becomes necessary for the enjoyment of the majority of the residents at The Villas. No other animals, such as livestock, horses or poultry, shall be raised, bred or kept on any portion of the Property.
6. Vehicles, Boats & Trailers, Recreational Vehicles, etc.
No boats and or trailers or other recreational vehicles may be stored on the grounds of The Villas. Streets, driveways and grounds shall not be used for storage of inoperable vehicles of any kind. Homeowners shall not operate or permit to be operated on the Property any motorcycles or other power motored two or three wheeled vehicles or any other motor driven vehicle with loud muffler or mufflers. Vehicles (and/or children's toys) shall not be placed or remain unattended on common areas, driveways, sidewalks or yards, but shall be placed inside individual patios when not in use.
7. Soliciting and Advertising.
To provide optimum security, no solicitation by residents or non-residents, whether of goods, services, attendance, contributions or membership, is allowed at The Villas. No resident shall post any advertisement or posters of any kind, except as authorized by the Homeowners Association.
8. Signs.
Signs are permitted only for advertising any home for sale or rent under the conditions specified in the Declaration of Restrictive Covenants, and shall not exceed two square feet in size; form shall be approved by the Architectural Control Committee of the Homeowners Association.

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9. Emergency Entry.
Each co-owner shall allow the Management Agent to enter his home in case of emergency, whether the owner is present or not. Accordingly, the Manager must be provided with a key to any altered or replaced lock. This is deemed necessary to safeguard the affected home and adjoining homes.
10. Landscaping and Plantings.
No exterior plants, shrubs and/or trees shall be permitted except inside each fenced-in patio, without the approval of the Architectural Control Committee of the Homeowners Association.
11. Recreational Area.
Each homeowner agrees for himself and his household members and guests to abide by posted rules and regulations governing the use of commonly owned recreational facilities, including but not limited to the swimming pool and related facilities.
12. Miscellaneous.
- (a) No laundry, mattresses, bedding materials, etc., or clothing, shall be hung on or over patio fences of any home. Clothes lines or dryers are prohibited except inside the fenced-in patio.
 - (b) Garbage and trash must be placed in the designated areas, inside the containers provided.
 - (c) Barbecue grills are permitted within the fenced-in patio area only.
 - (d) Exterior mail boxes or paper boxes, except as provided, are prohibited, except by special vote on behalf of the entire Property by the Homeowners Association and upon consent of the U. S. Postal Service.
 - (e) All types of firearms, including but not limited to shot-guns, rifles and pistols, are prohibited from being used or displayed on the Property. (Firearms may be kept inside the home, as permitted by law.) Discharge of any firearms, including pellet or air guns or B-B guns, is prohibited.
 - (f) No window air conditioning units shall be permitted which would be exposed to the exterior of any building.
 - (g) Window draperies other than white or cream in color shall be lined or backed with white or cream colored backing.

NOTE: These Rules and Regulations have been adopted by the Homeowners Association and may be amended or modified from time to time in accordance with the procedures as set forth in the By-Laws of the Villas Homeowners Association, Inc.

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MANAGEMENT AGREEMENT

THIS AGREEMENT, Made and Entered into this _____ day of _____, 1979, by and between VILLAS HOMEOWNERS' ASSOCIATION, INC., a Florida non-profit corporation, hereinafter called the "Association", and LEE A. EVERHART AND COMPANY, INC., a Florida corporation, hereinafter called the "Manager";

W I T N E S S E T H:

WHEREAS, the Association is a non-profit corporation organized for the operation of the VILLAS, UNIT 2, as set forth in the Declaration of Restrictive Covenants recorded in Official Records Book _____, at Page _____, in the Public Records of Leon County, Florida, (the "Declaration"); and

WHEREAS, the life style, amenities, site and design make desirable the employment of a management firm.

NOW, THEREFORE, in consideration of mutual covenants and considerations, the parties do hereby agree as follows:

Section I. Employment

1.1 Employment of Manager. The Association does hereby employ the Manager under this Agreement as the exclusive manager of the Property, as defined and set forth in the above-referenced Declaration.

1.2 Term of Agreement. Unless sooner terminated, this Agreement shall commence on the date of the filing of the Declaration and shall continue thereafter for a period of three (3) years unless sooner terminated by Declarant pursuant to the provisions of the Declaration.

1.3 Responsibilities and Duties of the Manager. The Manager shall exercise all the powers and duties of the Association as are set forth in the Declaration and the Charter and By-Laws of the Association, except decisions, powers, and duties that are specifically reserved to the Board of Directors of the Association or to the homeowners. The Manager shall do all things

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necessary to provide the homeowners capable and attentive management operating under the supervision and direction of the Board of Directors of the Villas Homeowners' Association, Inc.

Section II. Fiscal Management

2.1 Maintenance Fees and Financial Records. The Manager shall collect all maintenance fees as prescribed by the Association, and the Declaration, and set up checking, savings or other accounts with any federally insured institution or institutions as is customary, and as the Manager in its sole discretion deems necessary. The Manager shall keep accounting records to reflect the status of the Association's interest in any account or accounts set up by the Manager. Such records shall be open to inspection by homeowners at reasonable times. All procedures, penalties and provisions of the Declaration shall apply. The Manager shall also advise the Board of Directors of any delinquency of over thirty (30) days, and report collection of delinquent fees and interest.

2.2 Real Property Taxes. The Manager shall collect real property taxes and pay the same when due, except to the extent that the same are collected and paid by any mortgagee pursuant to its mortgage, or are paid directly by the homeowner.

2.3 Delinquent Accounts. The Manager shall mail notices of any delinquencies to the delinquent owner. The Manager shall use every effort to collect delinquent accounts, including the sending of the notices and letters, the making of telephone calls, and effecting personal contact when possible. In the event such efforts fail, however, the Manager shall refer the account to the Board for disposition.

2.4 Disbursement Authorization. The Manager shall make all disbursements from maintenance fees collected for normal recurring expenses as provided in the annual operating budget, which shall be approved in advance annually by the Board. The Manager is hereby granted authority to make non-budget expendi-

tures up to \$500.00, and with the approval of the Board of Director's Treasurer, expenditures up to \$1,000.00 are authorized. All other non-budget expenditures shall be made only with the approval of the Board, except in cases of emergency requiring prompt action to avoid further loss.

2.5 Employee Taxes. The Manager shall compute and pay employee taxes and file the necessary State and Federal reports when due.

2.6 Financial Statements. The Manager shall furnish copies to each Director of an annual financial statement, prepared on a cash basis, of all receipts and disbursements showing maintenance fees and other cash receipts, the grouping by category of all disbursements, net cash gain or loss, cash on hand and reserve accounts.

2.7 Annual Budget. The Manger shall prepare and submit to the Board of Directors for its approval, an annual budget to be used for the estimating of maintenance fees for the ensuing year.

2.8 Annual Statement. The Manager shall furnish each owner at year's end a statement reflecting any real property taxes paid on common areas or on behalf of an owner. No such statement shall be furnished if no taxes have been paid. The Manager shall also have prepared by an independent certified public accountant an annual statement of the Association's receipts, disbursements and accounts on all transactions made by the Association or the Manager in behalf of the Association. A copy of such annual statement shall be furnished to each homeowner by the Association. The cost of all independent audits shall be an Association expense.

Section III. Physical Maintenance

3.1 Building Maintenance. The Manager shall assume control of the property, buildings, equipment and improvements and be responsible for supervising their upkeep and maintenance

on behalf of the Association to the extent that the same is the duty of the Association pursuant to the Declaration. The Manager shall direct, supervise and order to be done those things requested by the Board of Directors of the Association, which are, in the Manager's judgment, necessary to preserve and protect the property and to promote the enjoyment of the property by the homeowner.

3.2 Contracted Services. The Manager is authorized to hire, discharge and supervise employees and/or independent contractors as required for the operation and maintenance of the premises, and to make all payments for the same from the maintenance fund of the owner. All employees, including any resident manager, shall be deemed to be employees of the Manager. All sums expended in connection with the hiring and employment of such employees shall be the sole cost of the Association, and in the event payment of wages, salaries or compensation is made by the Manager with its own funds, the Manager shall be forthwith reimbursed by the Association.

3.3. Inspections. The Manager shall make regular inspections of the property and shall render reports and make recommendations concerning the property to the Board of Directors of the Association.

3.4 Individual Homes. The Manager is not responsible for or required to perform the upkeep, repair or maintenance of individual homes, the responsibility for which, under the Declaration is that of the homeowner. However, the Manager may, in his absolute discretion, perform such repair or maintenance service as is requested by a homeowner as an accommodation to the Association or to the homeowner and charge each homeowner who shall have requested service of the Manager a charge in connection therewith. Any and all payments for such work or materials shall be the sole property of the Manager and the Association shall have no interest therein.

3.5 Access. The Manager shall have access to all common areas, cross-easements, and to each home during reasonable hours as may be necessary for the maintenance, repair, or replacement of any common element or utilities or for the making of emergency repairs necessary to prevent damage to common areas, cross-easements or another home.

Section IV. Mobilization

4.1 Supplies. The Manager shall acquire, on behalf of, and at the cost of the Association, those basic tools and supplies necessary to operate the Property until the Association has been formed and organized as needed from time to time.

Section V. Administration

5.1 Meetings of Association and Board of Directors. The Manager shall organize all meetings of the homeowners, the Association, or the Board of Directors, including preparation of and delivery of notices of meetings, and the preparation of the necessary proxy forms. The Manager shall also prepare the agenda for such meetings and shall conduct such meetings.

5.2 Association Records. The Manager shall keep all records of the Association, including but not limited to corporate record books, minutes of the meetings, correspondence, By-Laws, modification of the By-Laws, House Rules, and similar records.

5.3 Insurance. The Manager shall supervise Association insurance policies for fire and liability, including the initiation and following up of all claims.

5.4 Employees, Subcontractors and Contractors. The Manager shall select, employ, supervise, direct and discharge, in his absolute discretion, in his name or the Association's name, such persons, subcontractors and contractors as he may deem necessary.

Section VI. Termination of the Agreement

6.1 Termination by Association. This Agreement may be terminated by the Association only for clear, obvious and continued failure of the Manager to perform its obligations hereunder.

6.2 Termination by Manager. This Agreement may be terminated by the Manager upon giving thirty (30) days written notice unless prohibited by the Declaration.

6.3 Delivery of Records. Upon termination of this Agreement, whether by expiration of the terms hereof or otherwise, the Manager shall deliver to the Association all books, records, equipment, materials and other property of the Association in its possession or control. Upon delivery of the same, all obligations, responsibilities, liabilities and duties of the Manager shall terminate.

Section VII. Miscellaneous

7.1 Advances and Charges Therefor. The Manager shall not be required to perform any act or duty hereunder involving the expenditure of money, unless the Manager shall have in its possession sufficient Association funds available to make payment thereof. If at any time the Association funds in the possession of the Manager are not sufficient to pay the charges incident to this Agreement, the Manager, though not obligated to, may advance such sums as it deems necessary and the Association agrees, in such cases, that upon notice thereof by the Manager, the Association shall forthwith pay to the Manager the sum necessary to cover such deficit or such advances, together with interest at the maximum rate permitted by law from and after ten (10) days from the date of payment by the Manager.

7.2 Manager's Compensation. The Association shall be obligated to pay and the Manager shall receive as compensation for its services under this Agreement the sum of \$ _____ per month. The Manager is entitled to deduct such compensation when due from the Association funds then in its possession, regardless of any other payments then required by it to be made. Manager's compensation covers normal and usual expenses of the Manager. The Association shall be obligated to pay unusual

expenses of the Manager required by action of the Board, including costs of travel, as authorized by the Board. Such compensation of the Manager shall be in addition to all sums expended by the Manager on behalf of the Association, and all such sums shall be at the sole cost of the Association.

7.3 Undisclosed Fees. The Manager agrees not to collect or charge any undisclosed fee, rebate or discount. Should any such fee, rebate or discount be received by the Manager, then the same shall be credited to the account of the Association.

7.4 Manager's Sign. The Manager shall be permitted to place a sign on the premises containing words to the effect that the same are managed by said Manager.

7.5 Manager's Other Services. Manager shall be permitted to render insurance and real estate services to individual homeowners, including service in the sale of home for owners, leasing of the same, and/or assignment of leases, and the Manager may receive customary compensation therefor from such individual owner.

7.6 Hold Harmless. The Association agrees to save the Manager harmless from all damage in connection with the management of the herein-described property and from liability for damages suffered by an employee or other person whomsoever, and to carry at the Association's expense public liability insurance in an amount not less than \$1,000,000.00, with the Homeowners' Association and the Manager named as co-insured. The Manager shall not be liable to any homeowner or the Association for any error of judgment, or for any mistake or fact of law, or for anything which it may do or refrain from doing hereinafter except in cases of willful misconduct or gross negligence.

7.7 Definitions. The terms Association, Developer, Declaration or Manager, or any pronoun used in place thereof, shall mean and include the masculine, the feminine, the singular, the plural number, and jointly and severally individuals, firms,

or corporations, and their and each of their respective successors, executors, administrators and assigns, according to the context thereof. Terms as used herein shall, where applicable, have the same meaning and definition as set forth in the Declaration, Articles of Incorporation and By-Laws.

7.8 Interference. The Association, its members, Directors, or officers, shall not interfere in any way with the Manager, his employees, or subcontractors, in the performance of their duties.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in their respective names and their respective corporate seals to be affixed hereto the day and year first above written.

WITNESSES:

WITNESSES:

VILLAS HOMEOWNERS' ASSOCIATION, INC.

By: _____
LEE A. EVERHART, President

(CORPORATE SEAL)

LEE A. EVERHART AND COMPANY, INC.

By: _____
LEE A. EVERHART, President

(CORPORATE SEAL)

LEGAL DESCRIPTION

THE VILLAS
Phase II

NORTH CUL DE SAC

COMMENCE at an old terra cotta monument marking the Southwest corner of Mallard Hills, a subdivision as per map or plat thereof, recorded in Plat Book 8, Page 21, of the Public Records of Leon County, Florida, and run South 89 degrees 59 minutes 11 seconds West, along the South boundary of the Northeast Quarter of Section 24, Township 1 North, Range 1 West, a distance of 582.43 feet to the East right-of-way boundary of Dellwood Drive; run thence North 00 degrees 15 minutes 40 seconds West along said East right-of-way a distance of 314.88 feet to the POINT OF BEGINNING.

Run thence North 00 degrees 15 minutes 40 seconds West along said East right-of-way of Dellwood Drive a distance of 311.21 feet to the point of intersection with the South right-of-way boundary of Pinewood Road; run thence North 89 degrees 33 minutes 34 seconds East along said South right-of-way a distance of 583.07 feet to an old terra cotta monument; thence leaving said right-of-way run South 00 degrees 12 minutes 24 seconds East 315.55 feet to an old concrete monument; run thence South 89 degrees 59 minutes 11 seconds West a distance of 582.77 feet to the POINT OF BEGINNING, containing 4.191 acres, more or less.