

AMENDED AND UPDATED COVENANTS FOR PHASE IV OF THE VILLAGES OF HIGHLANDS RIDGE

The attached Phase IV Covenant has been updated to reflect changes to the original Phase IV Covenant. This document was prepared by the Highlands Ridge Homeowners Association in order to provide an easy to read and updated Phase IV base Covenant. However, this is not an official document and cannot be used as a source for any official action. The official documents upon which this update is based are:

1. Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements for Villages of Highlands Ridge – Phase IV, a Subdivision. Effective March 18, 1998 and recorded in the Official Record Book 1527 Page 767.
2. Assignment of Declarant's Rights to collect Common Facilities Fees to Highlands Ridge Holdings, LLC. Dated January 16, 2016, not recorded.
3. Assignment of Declarant's Rights to the Villages of Highlands Ridge Homeowners Association, Inc. Effective August 23, 2021 and recorded in the Official Record Book 2846 Page 828.
4. Amendment to the Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements for Highlands Ridge on Lake Bonnett Phase III and Phase IV, a Subdivision. Effective March 8, 2022 and recorded in the Official Record Book 2890 Page 51.

Please keep in mind that there are Covenant Supplements for Phases VI-B (Oak Run), VII-A/B/C (North Course) and VIII (Golfside Villas) which are still in effect as originally written if they conflict with any amendment referenced in #4 above.

ARTICLE I

DEFINITIONS

1.01 "Association" shall mean the Villages of Highlands Ridge Homeowners Association, Inc., a Florida non-profit corporation, formerly known as Highlands Ridge/Hidden Creek Homeowners Association, Inc, and successor by merger to Highlands Ridge/Scottish Links Homeowners Association, Inc., its successors and assigns.

1.02 "Common Areas" shall mean all the land in the Subdivision other than the Lots, which consists only of roadways and drainage runoff and retention areas.

1.03 "Common Facilities" shall mean the Common Facilities more fully described in Section 5.01 of this Declaration.

1.04 "Community" shall mean the larger overall Villages of Highlands Ridge community as described and referred to in this Declaration.

1.05 "Declarant" shall mean 18 Greens LLC, a Florida limited liability company, its successors and assigns.

1.06 "Declaration" shall mean this document, together with the exhibits which are attached hereto and made a part hereof, and shall include any amendments which may be adopted from time to time pursuant to the terms hereof.

1.07 "Home" shall mean the single family dwelling constructed on a Lot.

1.08 "Institutional Lender" shall mean a bank, federal or state savings and loan association, insurance company, mortgage lender, pension fund, real estate investment trust, or any other party which is engaged in the business of mortgage financing, which holds a first mortgage encumbering a Lot, and shall include any corporate subsidiary of such entity.

1.09 "Lot" shall mean each of the Lots numbered 1 through 63, Block A, and Lots numbered 1 through 21, Block B, as shown on the Plat, upon which there has been or will be constructed a home.

1.10 "Member" shall mean every person or entity who holds membership in the Association.

1.11 "Owner" or "Lot Owner" shall mean the record owner, whether one or more persons or entities, of fee simple title to any Lot which is part of the Subdivision, including contract sellers, but excluding those having such interest merely as security for the performance of any obligations.

1.12 “Plat” shall mean the map or plat of the Subdivision filed in the Public Records of Highlands County, Florida.

1.13 “Property” shall mean and refer to that certain real property described on Exhibit “A” upon which the Subdivision has been constructed and such additions thereto as may be made by the Association from time to time.

1.14 “Subdivision” shall mean Villages of Highlands Ridge—Phase IV, a Subdivision lying and being in portions of Section 9, Township 34 South, Range 29 East, Highlands County Florida, the Plat of which Subdivision has been recorded in Plat Book 16, page 31 of the Public Records of Highlands County, Florida, and all property now or hereafter included therein by the Declarant.

ARTICLE II

BUILDING RESTRICTIONS AND ARCHITECTURAL CONTROL

2.01 Residential Use and Construction. The Lots shall be used only for single family residential purposes. No structure shall be erected, altered, placed or permitted to remain on any Lot, other than one detached single family private dwelling with an attached garage of the same architecture and general design as the residence. No trailer, tent, barn, unattached garage or other outbuilding shall be placed on any Lot at any time. The enclosed, air-conditioned, ground floor of each Home, excluding porches and garage, shall not be less than one thousand (1,000) square feet. No materials other than wood, brick, aluminum, vinyl, stucco or materials of similar quality and appearance, or as otherwise approved by the Declarant in writing, will be permitted on the exterior of any Home. Driveways are to be constructed of flat poured concrete, asphalt or other materials of like or better quality. The colors of all driveways shall be limited to the soft colors of gray, brown, tan, or beige or other muted earth colors. No characters or logos are permitted in any decorative driveways. No aluminum foil, bamboo, reed, match stick, canvas or similar materials are permitted in any windows or on any doors. No window or roof mounted air conditioners or antennas (except as provided in Section 2.14 below) of any type are permitted. Each Home must have a street identification number which is visible from the roadway. Any replacement Home numbers must be identical to the original Home numbers supplied by the Declarant.

2.02 Minimal Lot Size. The Property shall not be subdivided into Lots less than the size as shown on the recorded Plat. No Home may be constructed on more than one Lot.

2.03 Building Height. No building shall exceed one story and a maximum of twenty-five (25) feet high.

2.04 Setbacks. All buildings and structures shall comply with the setback requirements required under the applicable zoning codes and ordinances or as otherwise shown on the Plat.

2.05 Grade and Elevation. No grade or elevation of any Lot may be changed without the specific consent of the Association.

2.06 Walls and Hedges. No Lot line hedges, fences or walls are permitted. A courtyard fence enclosing a non-grass area adjacent to the Home shall be permitted on each Lot, provided the fence shall not enclose an area exceeding two hundred (200) square feet, shall be located at least ten (10) feet from the Lot line, shall not exceed a maximum height of five (5) feet and shall be constructed only of wood, vinyl, decorative aluminum or masonry. No chain link or other metal fences are permitted. Fences must be properly maintained by the Lot Owner at all times.

2.07 Exterior Maintenance. The exterior of all Homes shall be maintained by the Lot Owner in good condition, including periodic cleaning and repainting, as necessary.

2.08 Landscaping. All landscaping on any Lot shall be pruned and maintained in good condition. Landscaping shall not be planted on any Lot in a manner which will obstruct or hinder lawn mowing. All Lot Owners are required to water, edge, trim and weed their Lot. The cutting only of grass is currently included in the monthly Base Fee under Section 5.05 below. Burning of any nature is prohibited. No trees will be removed without the prior written consent of the Association. All Lot Owners may not place or maintain any man-made object or vegetation between the front elevation of the home and the roadway easement which obstructs the line of sight from the roadway of the house identification number. All Lot Owners may not place or maintain any man-made object or vegetation between the front elevation of the home and the roadway easement which obstructs the line of sight of vehicular or pedestrian traffic of the Lot Owner or their neighbor.

2.09 Drainage. No structure shall be erected, placed or permitted, and no alterations shall be made or permitted on the Property, which shall in any way hinder surface or subsurface drainage of the Property.

2.10 Sewer and Water. No septic tanks will be permitted on any Lot.

2.11 Swimming Pools and Hot Tubs. No above ground swimming pools may be constructed on any Lot. Any below ground pool must be screen enclosed. Hot tubs must be mounted on a hard surface, such as brick, tile or cool-deck, that abuts the Home and must not be visible from the street. Visual buffering shall be erected as necessary to insure privacy.

2.12 Artificial Materials. No artificial grass, plants or other artificial vegetation shall be placed or maintained upon the exterior portion of any Lot. Decorative stone shall be allowed only in flower beds and walkways.

2.13 Mailboxes and Lampposts. Each home shall have a mailbox and yard lamppost. Maintenance is the responsibility of the Lot Owner, including the replacement of lamppost light bulbs and photocells. Any replacements shall be of substantially similar design, size, material and quality, unless specifically approved by the Association.

2.14 Satellite Dishes. Satellite dishes for television reception are permitted, providing they shall not exceed eighteen (18) inches in size, or they otherwise comply with applicable Federal Communications Commission requirements.

2.15 Statues, Figurines and Lawn Ornaments. Outside statues, figurines and lawn ornaments are permitted only in flower or plant gardens. They shall be no larger than three (3) feet in height and two (2) feet in width. Each Lot shall have no more than two such statues, figurines or lawn ornaments. No statues, figurines or ornaments shall be offensive as to matters of race, color, creed, ethnic origin or religion. Appropriate holiday decorations are allowed during nationally recognized holiday celebrations and seasons.

2.16 Flag Poles. Any Lot Owner may: (a) display one portable, removable United States flag or official flag of the State of Florida in a respectful manner, and one portable, removable official flag, in a respectful manner, not larger than 4 1/2 feet by 6 feet, which represents the United States Army, Navy, Air Force, Marine Corps, or Coast Guard, or a POW-MIA flag; (b) erect a freestanding flagpole not to exceed twenty (20) feet in height on the Owner's Lot, if the flagpole does not obstruct sightlines at intersections and is not erected within or upon an easement. The Lot Owner may further display in a respectful manner from that flagpole, one official United States flag, not larger than 4 1/2 feet by 6 feet, and may additionally display one official flag of the State of Florida or the United States Army, Navy, Air Force, Marines, or Coast Guard, a POW-MIA flag, flags of other states, professional sports teams, and college sports teams. Such additional flag must be equal in size to or smaller than the United States flag. The flagpole and display are subject to all building codes, zoning setbacks, and other applicable governmental regulations, including, but not limited to, noise and lighting ordinances in the county or municipality in which the flagpole is erected and all setback and locational criteria contained in the governing documents and shall not be placed on a location so as to impede the mowing of grass.

2.17 Compliance with Codes and Regulations. All state, county or local buildings codes, permits, zoning regulations or other regulations which are now or may in the future be applicable to the Subdivision shall be complied with concerning the construction or erection of any dwelling or other structure, including, but not limited to the Wetland Mitigation Plan for Highlands Ridge as approved by the Environmental Protectional Commission of Highlands County. It shall be the responsibility of each Lot Owner to comply with the construction plans for the surface water management system pursuant to Chapter 40D-4, F.A.C., approved and on file with the Southwest Florida Water Management District.

2.18 Additions and Modifications. Any subsequent exterior additions or modifications to an existing Home shall be subject to review by an Architectural Control Committee (the "ACC"). The ACC shall be composed of at least three (3) individuals who are appointed annually by the Board of Directors of the Association. Each member of the ACC shall be a Lot Owner in the Subdivision or one of the other residential subdivisions in the Community. Requests for approval of subsequent additions or modifications shall be submitted to the ACC in writing along with detailed plans and specifications. The Committee shall review the plans and specifications based upon the quality of workmanship and materials, site dimensions, utility design and capacity, structural design, height, proper facing with respect to roadways, adequacy of screening, harmony of external design with existing structures, location with respect to topography and finished grade elevation, and the restrictions contained in this Declaration. The ACC shall act in an advisory capacity only and shall within thirty (30) days of receipt of any request make a written recommendation to the Association for the approval or disapproval of the proposed exterior additions or modifications. The decision of the Association shall be final in all respects. Neither the Association, nor any present or future member of the ACC, shall be liable for any damage, loss or prejudice suffered or claimed as a result of the approval or disapproval of any plans or specifications. Neither the Association, nor any present or future member of the ACC shall be responsible for the compliance of any plans or specifications with applicable governmental building codes, statutes, or regulations.

ARTICLE III

USE RESTRICTIONS

3.01 Nuisances. No obnoxious or offensive activity shall be carried on upon any Lot, nor shall anything be done on the Lot that may become an annoyance or nuisance to the neighborhood. Residents shall not play any radios, television sets, record/tape/disc players, musical instruments or to make any excessive noise at unreasonable times.

3.02 Boats and Motorhomes. Unless enclosed in an attached garage, no trailer, motorhome, boat or boat trailer shall be parked on the Property, either temporarily or permanently, except for a period not to exceed twenty-four (24) hours for loading or unloading.

3.03 Vehicles. Only passenger vehicles may be parked on the Property and shall be kept in the driveway or in the enclosed garage area when not in use. No vehicles may be parked in the roadways overnight. Vehicles are never to park on the grass or drive on the grass. On-street parking will be allowed on a temporary basis for guest convenience when entertaining, otherwise on-street parking is strictly prohibited. All buses and trucks, larger than ordinary pick-up trucks, shall be parked only in designated RV areas of the Community. Motorcycles, motorbikes, minibikes and other usually noisy

vehicles must have adequate mufflers and necessary tags, and the driver must have the appropriate driver's license. These vehicles shall be operated only in a manner which does not disturb other residents.

3.04 Watercraft. No power-driven boats (either gas or electric) are to be used on any lake in the Community, and no boat docks, or docks of any kind, can be erected by a Lot Owner.

3.05 Utilities and Lines. All pumps, storage tanks, air conditioners and trash containers shall be concealed from view by landscaping and other suitable screening. No outdoor laundry or laundering is permitted. One umbrella-type clothes pole, which shall be dismantled when not in use, is permitted Monday through Friday, 9:00 a.m. to 3:00 p.m. This umbrella-type clothes pole is permitted only in a location behind the Home and not visible from the street.

3.06 Signs. No signs of any kind shall be displayed to public view on any Lot except for (a) one (1) residence identification sign attached to the Home, which shall not exceed 6 x 24 inches in size; (b) no more than two (2) signs (one located in front of the Lot and the other located in the rear of the Lot advertising the Home for sale or rent, the size and design of which shall be prescribed by the ACC, provided it shall contain a place for the name and telephone number of the real estate agency and any other information required under applicable real estate brokerage laws.

3.07 Yard Sales. Yard sales or garage sales are prohibited on any Lot unless organized and approved by the Association.

3.08 Mineral Operations. No oil drilling or refining, quarrying or mining operations of any kind shall be permitted on or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil and natural gas shall be erected, maintained or permitted on any Lot.

3.09 Garbage and Refuse Disposal. No Lot shall be used as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in suitable sanitary containers fully enclosed and covered. Waste and Recycle carts shall be stored within the resident's structure, 100 percent out of public view, with exception of being set out at the curb for collection. Waste and Recycle carts shall be set out the morning of the scheduled collection and will be put in on the same day of the collection. If an architecturally approved outside enclosure is on file for your residence, it may be utilized for Waste and Recycle carts provided the carts are stored, without exception, 100 percent out of public view, as observed from any horizontal direction beyond the residence's property line boundaries. Temporary or non-approved enclosures are prohibited. Yard waste shall be placed in dumpsters in areas designated by the Association or placed next to the curb for pick up on designated days. No waste of any kind shall be dumped on undeveloped land in the Villages of Highlands Ridge Community.

3.10 Animals. No animal, livestock or poultry of any kind may be raised, bred or kept on any Lot. Dogs, cats or other usual household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purposes and they do not create a nuisance. All pets must be kept under personal control at all times, must be on a leash when walked and must never be tied to the outside of a Home. All droppings must be cleaned up by the Owner at once. Any pet running loose will be deemed a stray and will be subject to immediate removal from the Community at the pet owner's expense. Pets may not be housed in any outbuildings of any kind. Each pet owner is responsible for any noise or other nuisance caused by his or her pet and must bear full financial responsibility for any damages to the Community property or other person's property caused by his or her pet. Visitor pets are permitted, except if visitor pets create a nuisance or are not leashed, they must be removed immediately.

3.11 Guests. Lot Owners are responsible for informing their guests about the restrictions, rules and regulations of the Subdivision and the Community and are solely responsible for the conduct and actions of their guests. Repeated violations of Subdivision or Community restrictions, rules and regulations can result in guests being denied the use of the Common Facilities described in Section 5.01 below, and being asked to leave the Subdivision and the Community. Owners are financially responsible for any damages their guests may cause to the Subdivision, the Community or private property.

3.12 Commercial Activity. No peddling, solicitation or conspicuous commercial activity of any kind is allowed within the Subdivision, unless approved by the Association.

3.13 Weapons and Fireworks. Air rifles, guns, bows and arrows or illegal or airborne fireworks shall not be used in the Subdivision or the Community. This shall not prohibit any fireworks sponsored by the Declarant in connection with any national holiday or other event.

3.14 Littering. Littering of streets, common areas, and lawns is prohibited. Owners are asked to keep the Subdivision and the Community litter free by policing or reporting littered areas.

3.15 Electrical Disturbances. Electrical equipment such as tools, generators, broadcasting transmitters/phones and other equipment which cause electrical disturbances or interference to equipment of nearby Owners must be removed or modified to eliminate such disturbances.

3.16 Speed Limit. Because of the large number of golf carts, bicycles and pedestrians on the roadways of the Subdivision and the Community, it is imperative that the posted speed limits be observed by everyone. Owners should particularly warn their guests of the need for caution and adhering to the speed limit while driving on Subdivision and Community roadways.

3.17 Variances. Requests for any variance from the provisions of this declaration must be submitted in writing to the Association Board of Directors, stating the reason for the need for the variance. The final decision on any variance rests solely with the Association. Neither the Association, nor any present or future Board member, shall be liable for any damage, loss or prejudice suffered or claimed as a result of the approval or disapproval of any requested variance.

3.18 Grandfathering. If any of the amendments to the Declaration set forth herein, create a violation thereof by a Lot Owner, the violation shall be "grandfathered" until such time as the Lot Owner comes into compliance voluntarily, the Home is sold or transferred by the Lot Owner, or the useful life of any violating structure or improvement has expired.

3.19 Enforcement. The Association may levy reasonable fines. A fine may not exceed \$100 per violation against any member or any member's tenant, guest, or invitee for the failure of the owner of the parcel or its occupant, licensee, or invitee to comply with any provision of the declaration, the Association bylaws, or reasonable rules of the Association unless otherwise provided in the governing documents. A fine may be levied by the Board of Directors for each day of a continuing violation, with a single notice and opportunity for hearing, and the fine may exceed \$1,000. in the aggregate. Should the aggregate amount of any fine levied against any Lot owner exceed \$1,000.00, the fine shall become a lien on the Lot Owner's Lot and may be enforced as provided in Section 7.05 of the Declaration and Chapter 720, *Florida Statutes*. In any action to recover a fine, the prevailing party is entitled to reasonable attorney fees and costs from the non-prevailing party as determined by the court.

A fine may not be imposed by the Board of Directors without at least 14 days' notice to the person sought to be fined and an opportunity for a hearing before a committee of at least three members appointed by the Board of Directors who are not officers, directors, or employees of the Association, or the spouse, parent, child, brother or sister of an officer, director or employee. If the committee, by majority vote, does not approve a proposed fine, it may not be imposed. The role of the committee is limited to determining whether to confirm or reject the fine levied by the Board of Directors. If the Board of Directors imposes a fine, the Association must provide written notice of such fine or suspension by mail or hand delivery to the parcel owner, and, if applicable, to any tenant, licensee, or invitee of the parcel owner.

The Association may suspend, without notice, the voting rights of a parcel or member for the nonpayment of any fee, fine, or other monetary obligation due to to the Association that is more than 90 days delinquent. A voting interest or consent right allocated to a parcel or member which has been suspended by the Association shall be subtracted from the total number of voting interests in the Association, which shall be reduced by the number of suspended voting interests when calculating the total percentage or number of all voting interests available to take or approve any action, and the suspended voting interests shall not be considered for any purpose, including, but not limited to, the

percentage or number of voting interests necessary to constitute a quorum, the percentage or number of voting interests required to conduct an election, or the percentage or number of voting interests required to approve an action pursuant to Chapter 720 *Florida Statutes* or pursuant to the governing documents. The suspension ends upon full payment of all obligations currently due or overdue to the Association.

All suspensions imposed pursuant to this section must be approved at a properly noticed Board of Directors meeting. Upon approval, the Association must notify the parcel owner and, if applicable, the parcel's occupant, licensee, or invitee by mail or hand delivery.

ARTICLE IV

ROADWAYS AND EASEMENTS

4.01 Private Roadways. Highlands Ridge Holdings hereby notifies all Owners and future Owners that all roadways within the Subdivision and the Community are not public streets and are intended to remain private roadways in perpetuity. A perpetual easement for ingress and egress over the roadways as shown on the Plat is hereby reserved and established for the benefit of all Owners. Highlands Ridge Holdings shall have the right, in its sole discretion, at any time in the future to either (a) dedicate the roadways for public use or (b) convey the roadways or any other Common Areas of the Subdivision to the Association. If Highlands Ridge Holdings ever elects to convey the roadways or any other Common Areas to the Association, the Association shall assume the responsibility for maintenance, repair and replacement thereof, and the costs for insurance and taxes thereon.

4.02 Utility, Drainage and Other Easements. Additional perpetual easements are hereby reserved and established by the Declarant, as follows:

(a) Utilities. A blanket nonexclusive easement in, upon, over, under, across and through the Property (including, but not limited to the residential structures constructed on the Lots) for the purpose of the installation, maintenance, repair and replacement of all gas, sewer, water, power and telephone pipes, lines, mains, conduits, poles, transformers, master television antenna or cable television facilities, sprinkler lines and control boxes, and any other equipment or machinery necessary or incidental to the proper functioning of any utility system serving the Property, which easement shall be for the benefit of the Declarant, the Association and any governmental agency or utility company which requires same for the purpose of furnishing one or more of the foregoing services.

(b) Drainage. A blanket nonexclusive easement in, upon, over, under, across and through the Property for surface runoff and drainage caused by natural forces and elements, grading or the improvements located upon the Property, which easement shall be for the benefit of the Declarant and the Association. No Lot Owner shall directly or indirectly interfere with or alter the drainage and runoff patterns of the systems within the Property.

(c) Public Services. A blanket nonexclusive easement of unobstructed ingress and egress in, upon, over, across and through the Property for the benefit of the City of Sebring, the City of Avon Park and the County of Highlands, their respective officers, agents and employees, and all policemen, firemen and ambulance personnel in the proper performance of their respective duties.

(d) Encroachments. An easement for the benefit of any Lot Owner upon whose Lot the Declarant has constructed or shall construct improvements which encroach upon any adjoining Lot for the continuance of such encroachment now existing or which may come into existence hereafter, so that any such encroachment may remain undisturbed as long as the improvements are in existence.

(e) Declarant. A blanket nonexclusive easement in, upon, over, across and through the Property exists for the benefit of the Declarant for the purpose of construction, installation, maintenance, repair and replacement of any improvements on the Lots (including mowing of the vacant lots), and use of parking areas for sales promotion purposes.

(f) Common Facilities. Mowing of Home Owners' property and maintenance of the Common Facilities are provided by Highlands Ridge Holdings.

4.03 No Obstruction or Interference. No structures, plants or other materials that may damage or interfere with or obstruct the easements reserved and established herein shall be placed or permitted in the Subdivision. All Lot Owners shall indemnify and hold harmless the Declarant, its officers, directors, shareholders, employees, agents, successors and assigns, from any injury or damage resulting from such obstruction or interference of improper use of the easements and facilities.

4.04 No Dedication. Nothing contained herein shall be construed or deemed to constitute an expressed or implied dedication of the roadways, easements, utilities or other facilities for public use or purpose.

ARTICLE V

COMMUNITY RIGHTS AND OBLIGATIONS

5.01 Community Common Facilities. The Subdivision is part of the larger Villages of Highlands Ridge Community. Declarant has already constructed on land adjacent to the Subdivision a manufactured home community consisting of 217 rental Lots. Declarant has also constructed on land adjacent to the Subdivision various Common Facilities for use and enjoyment by the owners of the manufactured homes who are tenants of the rental lots. The Common Facilities currently consist of a clubhouse, swimming pool, spa, shuffleboard and tennis courts, boardwalk to Lake Bonnet, a gated community entranceway and roadways, lighting and drainage facilities (the "Common Facilities"). Highlands Ridge Holdings, may, in its sole discretion, construct additional facilities or expand existing Common Facilities.

5.02 Easement for Common Facilities. Highlands Ridge Holdings hereby grants to the Lot Owners a perpetual, nonexclusive easement for use and enjoyment of the Common Facilities. This easement shall run with the land and be appurtenant to the Lots. Use of the Common Facilities shall be subject to rules and regulations as are adopted from time to time by Highlands Ridge Holdings, which shall be posted at the clubhouse.

5.03 Maintenance of Common Facilities. Highlands Ridge Holdings shall be responsible for the maintenance, repair, replacement and management of all Common Facilities, including the Common Areas of the Subdivision, and for payment of all costs for insurance and taxes thereon.

5.04 Golf Course. The golf course located adjacent to the Subdivision is not included in the Common Facilities. The golf course is open for play to the general public, including Lot Owners, only upon payment of standard greens fees and compliance with the course owner's rules and regulations. Lot Owners are eligible to become members of the golf course, if memberships are available.

5.05 Mandatory Common Facilities Fees. By the acceptance and recording of a Deed to a Lot, each Lot Owner covenants and agrees to pay to Highlands Ridge Holdings a mandatory base fee (the "Base Fee") for use, maintenance, repair and management of the Common Facilities and costs for insurance and taxes thereon. Costs for utilities serving a Home, such as water, sewer, electric, telephone and cable television, are not included in the Base Fee, and shall be the individual responsibility of each Home Owner. The cost for Highlands Ridge Holdings mowing the lawns of the Home Owners is included in the Base Fee. The Base Fee for the twelve month period from September 1, 1997 to August 31, 1998 shall be \$140.00 per month. The Base Fee shall be subject to adjustment at the beginning of each subsequent twelve month period commencing September 1st to reflect the proportionate increase (but not decrease) in the Consumer Price Index (the "CPI") for the prior twelve month period from June 1st to May 31st. For example, if the CPI increased by 2.5% for the period from June 1, 1997 to May 31, 1998, then the Base Fee for the twelve month period commencing September 1, 1998 would be adjusted to \$143.50 per month. If the CPI then increased by 3.0% for the period from June 1, 1998 to May 31, 1999, the Base Fee for the twelve month period commencing September 1, 1999 would be adjusted to \$147.81 per month. The CPI is defined as the United States Department of Labor Consumer Price Index, U.S. City Average, All Urban Consumers, All Items (1982-84=100), or if publication of the CPI is discontinued, such other nationally published index which reasonably measures the cost of living. Highlands Ridge Holdings shall not have the right to increase the Base Fee except as provided herein, unless Highlands Ridge Holdings experiences extraordinary increases in expenses and the Base Fee increase is approved by a majority of the non-Declarant members of the Association.

5.06 Replacement Reserves. Highlands Ridge Holdings agrees that \$5.00 of each collected monthly Base Fee (the "Reserve Funds") shall be placed in a separate interest bearing escrow account to establish a reserve fund for the replacement of the Common Facilities or certain components thereof. All decisions as to the investment of the Reserve Funds shall be in the sole discretion of Highlands Ridge Holdings.

5.07 Collection and Lien Rights of Highlands Ridge Holdings. Each Lot Owner shall be personally responsible for payment of the Base Fee for each month that the Lot Owner owns the Lot. Any monthly installment of the Base Fee which is not paid by the fifth (5th) day of each month shall bear interest from the first day of the month at the maximum lawful rate per annum. The monthly Base Fee, together with interest and costs of collection, including reasonable attorneys fees and costs, shall be a charge on the land and a continuing lien on the Lot. Highlands Ridge Holdings is authorized to sign and record a Notice of Nonpayment and Certificate of Lien in the public records of Highlands County, Florida. Said lien may be enforced by Highlands Ridge Holdings in the same manner in which mortgages are enforced in the State of Florida. No Lot Owner may waive or otherwise escape liability for the Base Fee by non-use of the Common Facilities or abandonment of the Lot.

5.08 Certificates of Base Fee Payment. Highlands Ridge Holdings shall upon written request of a Lot Owner furnish a certificate to the Lot Owner signed by an authorized representative of Highlands Ridge Holdings stating whether all Base Fees due have been paid. A reasonable charge may be made by Highlands Ridge Holdings for issuance of the certificate. The certificate shall be conclusive evidence of payment of any Base Fees stated to have been paid therein.

5.09 Subordination of Lien to Mortgages. The lien of the Base Fee shall be subordinate to the lien of any first mortgage to any Institutional Lender. Sale or transfer of any Lot shall not affect the Base Fee lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure by an Institutional Lender or any conveyance in lieu thereof, shall extinguish the lien of the Base Fee as to payments that became due prior to the sale or transfer, but shall not affect the personal liability of the Lot Owner for payment. No sale or transfer shall relieve the Lot or subsequent Lot Owner from liability for any Base Fees thereafter becoming due.

5.10 Waiver. Notwithstanding anything contained herein to the contrary, Highlands Ridge Holdings reserves the exclusive right from time to time in its sole discretion to waive all or part of the Base Fee as to any Lot Owner or Lot. This shall in no way restrict the Highlands Ridge Holdings' right to strictly enforce and collect the Base Fee as to other Lot Owners or Lots.

5.11 Declarant Lots. Notwithstanding anything contained herein to the contrary, the Declarant shall not be obligated to pay the Base Fee for the Lots owned by the Declarant and there shall be no lien on Lots owned by the Declarant for such nonpayment.

ARTICLE VI

RETIREMENT COMMUNITY RESTRICTIONS

6.01 Restrictions on Use, Occupancy, and Alienation. Except as otherwise specifically provided, the restrictions set forth in this Section 6.01 may be amended only in accordance with Section 8.04.

(a) Restrictions on Occupancy. The Lots within the Subdivision are intended primarily for the housing of persons 55 years of age or older. The provisions of this Section are intended to be consistent with, and are set forth in order to comply with, the Fair Housing Amendments Act, 42 U.S.C Section 3601 *et seq.* (1988), as amended, the exemption set out in 42 U.S.C. Section 3607 (b)(2)(C), and the regulations promulgated thereunder (collectively, as may be amended, the "Act") regarding discrimination based on familial status. The Association, acting through the Board, shall have the power to amend this Section, without the consent of the members of the Association or any person, for the purpose of making this Section consistent with the Act, the regulations adopted pursuant thereto, and any related judicial decisions in order to maintain the intent and enforceability of this Section.

(i) Each occupied dwelling or residence on a Lot ("Residence") shall at all times have a permanent occupant of at least one person who is 55 years of age or older (the "Qualifying Occupant"); however, in the event of the death or disability of a person who was the sole Qualifying Occupant of a Residence, resulting in a termination of such Qualifying Occupant's permanent occupancy of the Residence, a spouse 18 years of age or older who occupied the Residence with such Qualifying Occupant at the time of his or her death or disability may continue to occupy the Residence as long as the provision of the Act are not violated by such occupancy.

(ii) No person under the age of 18 shall occupy a residence.

(iii) For purposes of this Section 6.01 (a), an occupant shall not be considered a "permanent occupant" unless such occupant considers the Residence to be his or her legal residence and actually resides in the Residence for at least six months during every calendar year. A person shall "occupy" a Residence if he or she stays overnight in the Residence for more than 21 days in any 60-day period or for more than 30 days in any 12-month period.

(iv) Nothing in this Section is intended to restrict the ownership of or transfer of title to any Lot; provided, no Owner under the age of 55 may occupy a Residence unless the requirements of this Section 6.01(a) and the Act are met and no Owner shall permit occupancy of the Residence in violation of this Section or the Act. Owners shall be responsible for including a statement

that the Lots within the Villages of Highlands Ridge are intended for the housing of person 55 years of age or older, as set forth in this Section, in conspicuous type in any lease or other occupancy agreement or contract of sale relating to such Owner's Lot, which agreements or contract shall be in writing and signed by the tenant or purchaser, and for clearly disclosing such intent to any prospective tenant, purchaser, or other potential occupant of the Lot. Every lease of a Lot shall provide that failure to comply with the requirements and restrictions of this Section shall constitute a default under the lease.

(v) Any Person may request in writing that the Board make an exception to the requirements of this Section with respect to occupancy of a Residence. The Board may, but shall not be obligated to grant exceptions in its sole discretion, provided that the requirements for exemption from the Act would still be met.

(vi) In the event of any change in occupancy of any Residence, as a result of a transfer of title, a lease or sublease, a birth or death, change in marital status, vacancy, change in location or permanent residence, or otherwise, the Owner of the Residence shall immediately notify the Board in writing and provide the Board the names and ages of all current occupants of the Residence and such other information as the Board may reasonably require to verify the age of each occupant. In the event that an Owner fails to notify the Board and provide all required information within 10 days after a change in occupancy occurs, the Association may levy monetary fines against the Owner and the Lot for each day after the change in occupancy occurs until the Association receives the required notice and information, regardless of whether the occupancy continues to meet the requirements of this Article, in addition to all other remedies available to the Association under this Declaration and Florida law.

(vii) Monitoring Compliance; Appointment of Attorney-in-Fact.

The Association shall be responsible for maintaining age records on all occupants of Residences. The Board shall adopt policies, procedure, and rules to monitor and maintain compliance with this Section and the Act, including policies regarding visitors, updating of age records, the granting of exemptions to compliance, and enforcement. The Association shall periodically distribute such policies, procedures, and rules to the Owners and make copies available to Owners, their tenants and Mortgagees upon reasonable request.

The Association may enforce this Section 6.01(a) in any legal or equitable manner available, as the Board deems appropriate, including without limitation, conducting a census of the occupants of the Residences, requiring that copies of birth certificates or other proof of age for each occupant be provided to the Board on a periodic basis, and taking action to evict the occupants of any Residence which does not comply with the requirements and restrictions of this Section. Each Owner shall fully and truthfully respond to any Association request for information regarding the occupancy of Residences or his or her Lot which, in the Board's judgment, is reasonably necessary to monitor compliance with this Section. **Each Owner hereby appoints the Association as its attorney-in-fact for the purpose of taking legal or equitable action to dispossess, evict, or otherwise remove the occupants of any Residence on his or her Lot as necessary to enforce compliance with this Section.**

Each Owner shall be responsible for ensuring compliance of its Lot with the requirements and restriction of this Section, and the Association rules adopted hereunder, by itself and by its tenants and other occupants of its Lot.

(b) Residential and Related Uses. Lots shall be used primarily for residential and related purposes. No business shall be conducted in, on, or from any Lot, except that an Owner or another resident of the Lot may conduct business activities on such Lot if the business activity:

(i) is not apparent or detectable by sight, sound, or smell outside of permitted structure;

(ii) complies with applicable zoning requirements;

(iii) does not involve regular visitation of the Lot by clients, customer(s), suppliers, or other business invitees, or door-to-door solicitation within the Community; and

(iv) is consistent with the residential character of the Community and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of others within the Community, as determined in the Board's sole discretion.

"Business" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves providing goods or services to Persons other than the family of the producer and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

This Section 6.01(b) shall not apply to the Association activities related to the provision of services or to operating and maintaining the Community, including the Community's recreational and other activities. Leasing a Residence for residential purpose is not a "business" within the meaning of this subsection.

(c) Leasing. For purposes of this Declaration, "leasing" is the regular, exclusive occupancy of a dwelling by any Person other than the Owner, for which the Owner receives any consideration or benefit, including a fee, service, or gratuity. The principal dwelling on the Lot may be leased only in its entirety (e.g., separate rooms within the same dwelling may not be separately leased); provided a detached "in-law suite" or "guest house" may be independently leased.

All leases shall be in writing and shall have a term of at least thirty (30) days. All leases must require the tenants and all occupants of the leased Lot are bound by and obligated to comply with the Governing Documents; provided, the Governing Documents shall apply regardless of whether such a provision is specifically set forth in the lease.

Within ten days of a lease being signed, an Owner shall notify the Board or Association's managing agent of the lease and provide any additional information the Board may reasonably require. The Owner must give the tenant copies of the Governing Documents. In addition to this sub-section, the Board may adopt reasonable Use Restrictions and rules regulating, leasing, and subleasing.

(d) **Maximum Occupancy.** No more than two Persons per bedroom may occupy the same dwelling on a regular and consistent basis (as the Board determines).

(e) **Occupants Bound.** Every Owner shall cause anyone occupying or visiting his or her Lot to comply with the Governing Documents and shall be responsible for all violations and losses they cause to the Common Maintenance Areas, notwithstanding the fact that such Persons also are responsible for complying and may be sanctioned for any violation.

(f) **Subdivision of a Lot and Time-Sharing.** Lots may not be subdivided or their boundary lines changed except with the Board's prior written approval. The use of any Lot for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Lot rotates amount participants in the program on a fixed or floating time schedule over a period of years is prohibited.

6.02 ITEM DELETED.

6.03 **Lifetime Transfers.** No lifetime transfer, sale, gift, lease, assignment or grant of any Lot or Home shall be made by any Owner, or other person holding a legal or equitable interest in any Lot or Home, unless the Home will be occupied by at least one person who is 55 years or older. No such transfer, sale, gift, lease, assignment or grant of any Lot or Home shall be made until full disclosure has been made to Association of the names and addresses of the transferees, together with satisfactory written evidence that the transferees meet the age restrictions set forth herein.

6.04 **Transfer upon Death.** In the event that a Lot Owner dies leaving as heirs or devisees one or more persons who do not qualify as to age, this Declaration shall not restrict the ownership of the Lot by said heirs or devisees, provided, however, that they or their successors and assigns shall not reside in the dwelling until he or she meets the age requirement and any other requirements contained herein. The foregoing is not intended to apply to a cohabitating surviving spouse who does not qualify as to age. Surviving cohabitating spouses shall be permitted to occupy the Home subsequent to the death of the age qualifying spouse.

6.05 **Power of Attorney.** Declarant reserves the perpetual right, but not the obligation to execute on behalf of all contract purchasers, Lot Owners, mortgagees or other lien holders or parties claiming a legal or equitable interest in the Subdivision, any and all amendments to this Declaration as may be required to render the age restrictions herein enforceable under the provisions of the Fair Housing Amendments Act of 1988, and any and all amendments thereto, successive legislation,

any rules and regulations adopted by the Department of Housing and Urban Development, and any other applicable federal, state or local laws and regulations. By acceptance of a deed or any other legal or equitable interests in the Subdivision, each and every contract purchaser, Lot Owner, mortgagee or other lien holder or party having a legal or equitable interest in the Subdivision does automatically and irrevocably appoint any officer of the Association, as his attorney in fact for the purpose of executing such amendment to this Declaration and any other instruments to effect the foregoing. The powers of attorney are expressly declared to be coupled with an interest in the subject matter hereof and the same shall run with title to all Lots and be binding upon all heirs, personal representatives, successors and assigns of all the foregoing parties. The powers of attorney shall not be affected by the death or disability of any principal and are intended to deliver all right, title, and interest of the principal in and to said powers.

ARTICLE VII

ASSOCIATION MEMBERSHIP

7.01 **Membership.** Every Owner of a Lot shall be a member of the Association. Membership in the Association shall be appurtenant to and may not be separated from ownership of each Lot. Each member of the Association shall have the voting rights and other rights and obligations as set forth in the Articles of Incorporation and the By-Laws of the Association.

7.02 **Ownership of Common Areas.** In the event that Highlands Ridge Holdings ever conveys to the Association title to the roadways or other Common Areas of the Subdivision, the Association shall assume the responsibility for maintenance, repair and replacement thereof and the costs for insurance and taxes thereon. Only in this event, the Association shall have the rights set forth in the following Sections 7.03 through 7.07 of this Declaration.

7.03 **Annual Assessments.** The Association shall have the authority to levy annual assessments for the reasonable cost of maintenance, repair, and replacement of the roadways or other Common Areas of the Subdivision to which the Association holds title, and costs for insurance and taxes thereon, and for the ordinary expenses of operating the Association and discharging the Association's functions and duties as defined in this Declaration, the Association's By-Laws, the Association's rules and regulations, and Chapter 720, *Florida Statutes*. Operating expenses include, but are not limited to, i) those expenses incurred by the Association for the operation of the Association; ii) those expenses needed to hold membership promotional events and other membership benefitting activities, and iii) membership benefitting contributions for the projects to non-profit entities

in an amount not to exceed 10% of the annual assessment per year. Such annual assessments may be levied only by a majority vote of the Board of Directors of the Association. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to each Owner subject thereto.

7.04 Special Assessments. In addition to the annual assessments authorized above, the Association may also levy in any calendar year a special assessment for the reasonable cost of construction, reconstruction or replacement of a capital improvement upon any Common Areas of the Subdivision to which the Association holds title. Such special assessment may be levied only by a majority vote of the Board of Directors of the Association. The Board of Directors shall fix the amount of any special assessment against each Lot at least thirty (30) days in advance of the special assessment period. Written notice of the special assessment shall be sent to each Owner subject thereto.

7.05 Collection and Lien Rights of Association. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis. Each Lot Owner shall be personally responsible for payment of any assessments for each month that the Lot Owner owns the Lot. Any monthly installment of assessments which is not paid by the fifth (5th) day of each month shall bear interest from the first day of the month at the maximum lawful rate per annum. Any assessments, together with interest, administrative late fee of the greater of \$25.00 or five percent (5%) of the amount due, and costs of collection, including reasonable attorney's fees and costs, shall be a charge on the land and a continuing lien on the Lot. The Association is authorized to sign and record a Notice of Nonpayment and Certificate of Lien in the public records of Highlands County, Florida pursuant to Section 720.3085, *Florida Statutes*. Said lien may be enforced by the Association in the same manner in which mortgages are enforced in the State of Florida. No lot Owner may waive or otherwise escape liability for assessments by non-use of the Common Areas to which the Association holds title or by abandon of the Lot.

7.06 Certificates of Payment. The Association shall upon the written request of a Lot Owner furnish a certificate to the Lot Owner signed by an officer of the Association stating whether all assessments have been paid. A reasonable charge may be made by the Association for issuance of the certificate. The certificate shall be conclusive evidence of payment of any assessments stated to have been paid therein.

7.07 Subordination of Lien to Mortgages. The lien of any Association assessments shall be subordinate to the lien of any first mortgage to any Institutional Lender. Sale or transfer of any Lot shall not affect the lien for any unpaid assessments. However, the sale or transfer of any Lot pursuant to mortgage foreclosure by any Institutional Lender or any conveyance in lieu thereof, shall extinguish the lien of the assessments as to payments that become due prior to the sale or transfer, but shall not affect the personal liability of the Lot Owner for payment. No sale or transfer shall relieve the Lot or subsequent Lot Owner from liability for any assessments thereafter becoming due.

ARTICLE VIII

GENERAL PROVISIONS

8.01 Enforcement. The Declarant, any Owner or the Association, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or later imposed by the provisions of this Declaration. The prevailing party in such proceeding shall be entitled to recover from the other party all attorneys fees and costs incurred. Failure to enforce any covenant or restriction shall in no event be deemed a waiver of the right to do so.

8.02 Declarant Rights and Obligations. The Declarant may at any time in its sole discretion assign any or all of its rights and privileges under this Declaration, with or without Declarant's obligations under this Declaration.

8.03 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

8.04 Amendment. The covenants, conditions, restrictions and easements set forth in this Declaration shall run with and bind the land, for a term of fifty (50) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended only by an instrument signed by a majority of the non-Declarant Lot Owners. Any amendment must be recorded.

8.05 Headings. The section headings in this Declaration are for convenience of reference only.

