

STATE OF FLORIDA
COUNTY OF WALTON

DAN BODIFORD
CO:WALTON

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DECLARATION OF COVENANTS, CONDITIONS,

RESTRICTIONS AND EASEMENTS

THIS DECLARATION, made on the date hereinafter set forth by SUMMER LAKE, INC., a Florida corporation, hereinafter referred to as "Declarant"

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property in Walton County, State of Florida, described as follows:

A parcel of land in Government Lot 2, Section 33, Township 2 South, Range 21 West, Walton County, Florida described as at a general land office corner marking the Northwest corner of said Government Lot 2; thence South 88°00'00" East along the North line of said Government Lot 2, a distance of 418.03 feet; thence departing said North line, South 02°43'39" West, 313.23 feet to the Northerly right-of-way line of Old U.S. Highway 98 (County Road 2378, 100' R/W); thence South 83°17'59" West along said Northerly line, a distance of 423.72 feet to the East line of Revised Plat of Miramar Beach, as Recorded in Plat Book 2, page 54 of the Official Records; thence North 02°43'39" East along said East line, a distance of 377.33 feet to the Point of Beginning, containing 3.313 acres, more or less, all in Walton County, Florida.

NOW THEREFORE, Declarant hereby declares that all of the property described herein shall be sold and conveyed subject to the following easements, restrictions, conditions and covenants which are for the purpose of protecting the value and desirability of, and which shall run with the title to all the real property described above and be binding on all parties having any right, title, or interest in the described property or any part thereof, their heirs, successors and assigns and shall inure to the benefit

of the owner or owners thereto, the Declarant and their successors in title and others described herein.

ARTICLE I - DEFINITIONS

Section 1. "Association" shall mean and refer to SUMMER LAKE OWNER'S ASSOCIATION, INC., a Florida nonprofit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities of the fee simple interest to any of the 30 lots as described in the plat of SUMMERLAKE TOWNHOMES.

Section 3. "Properties" shall mean and refer to that certain real property described in the plat of the aforesaid SUMMERLAKE TOWNHOMES.

Section 4. "Common Area" shall mean all the property (including the improvements thereon) owned by the Association for the common use and enjoyment of the "Owners" as such common areas are shown in the aforesaid plat of SUMMERLAKE TOWNHOMES.

Section 5. "Lot" shall mean and refer to each of the 30 parcels described in the aforesaid plat of SUMMERLAKE TOWNHOMES (improved lots shall mean those lots with a residential building thereon).

Section 6. "Declarant" shall mean and refer to SUMMER LAKE, INC., a Florida corporation, its successors and assigns.

ARTICLE II - PROPERTY RIGHTS

Section 1. OWNERS'S EASEMENTS OF ENJOYMENT: Every Owner shall have the right and easement of enjoyment in and to the Common

Area which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreation facility situated upon the Common Area, if any.

(b) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner (or anyone claiming the right to use of such recreational facilities through such Owner) for any period during which any assessment against such Owner's lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the Association's published rules and regulations and/or the right to impose a daily fine in an amount determined by the Board of Directors which shall become a lien upon the lot whose Owner or occupant is found guilty by the Board of Directors of an infraction of such regulation (after giving such Owner due notice and opportunity to be heard), which such shall be collective in the same manner as delinquent assessments. This provision shall not apply to affect the right of a mortgagee, or its successors in title, upon foreclosure to vote and to use the recreational facilities, and any lien arising under this provision shall be subordinate to any mortgage lien and shall be extinguished upon foreclosure of any mortgage on any lot.

(c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be

agreed by the number of lot owners hereinafter provided. No such dedication or transfer shall be effective, unless an instrument agreeing to such dedication or transfer signed by 2/3's of the lot owners has been recorded in the Public Records of Walton County, Florida.

(d) No parking shall be permitted on the Common Area except as the Association may assign such spaces as and where the Association so designates the spaces. Any such parking spaces assigned to a lot owner on the Common Area shall be as near to such lot owner's lot as possible, together with ingress and egress from the lot to such parking lot. The Association must treat all unit owners alike in designation of parking areas.

Section 2. DELEGATION OF USE: Any Owner may delegate, in accordance with the By-laws, his right of enjoyment to the Common Area and facilities to the members of his family, tenants, occupants or contract purchasers who reside on the lot.

ARTICLE III-MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

Section 2. The Association shall have one (1) class of voting membership. All members, including the Declarant, shall be owners of lots. When more than one person has an interest in any lot, all such persons shall be members. The vote for each lot shall be exercised as they determine; but in no event shall more than one

vote be cast with respect to any lot. In the event any individual or entity owns more than one lot such individual or entity shall be entitled to one vote for each lot owned.

ARTICLE IV-COVENANTS FOR
MAINTENANCE ASSESSMENTS

Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS: The Declarant, for each improved lot owner, within the properties which are subject to this Declaration, hereby covenants, and each Owner of any improved lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association (1) annual assessments or charges and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney fees incurred in the collection thereof with or without litigation, shall be a charge on the lot and shall be a continuing lien upon the lot against which each assessment is made.

Each such assessment, together with interest, cost and such reasonable attorney fees, shall also be the personal obligation of the person who is the Owner of such lot at the time when the assessment fell due.

Section 2. PURPOSE OF ASSESSMENTS: The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents on the

properties and for the improvements and maintenance of the Common Area.

Section 3. ANNUAL ASSESSMENT: Until January 1 of the year immediately following conveyance of the first lot to an Owner, the maximum monthly assessment shall be \$88.43 per lot as to all lots subject to this Declaration.

(a) From and after January 1 of the year immediately following conveyance of the first lot to an Owner, the maximum annual assessment of all lots subject to this Declaration may be increased each year not more than the (10) percent above the maximum assessment for the previous year without the vote of the membership.

(b) From and after January 1 of the year immediately following conveyance of the first lot to an Owner, the maximum annual assessment may be increased above ten (10) percent by a vote of two-thirds of the members (Article III, Section 1), voting in person or by proxy, at a meeting duly called for that purpose at which a quorum is present as hereinafter defined.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS: In addition to the monthly 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, reconstruction, repair or

replacement of capital improvements upon the common area, including fixtures and personal property related thereto, provided that any such assessments shall have been approved by a vote of two-thirds of the owners voting in person or by proxy, at a meeting duly called for this purpose at which a quorum is present as hereinafter defined.

Section 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTION 3 AND 4: Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all owners not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called, subject to the same notice requirements; and the required quorum at the subsequent meeting shall be three-fourths of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. UNIFORM RATE OF ASSESSMENT: Both annual and special assessments must be fixed at a uniform rate for all lots and may be collected on a monthly basis.

Section 7. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATE: The annual assessments provided for herein shall commence as to all lots on the first day of the month following recording of the conveyance of the first improved lot. The Declarant shall be responsible for 12 months for the actual operating costs for the

Association not covered by the initial working capital and monthly assessment. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. 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. Written notice of the annual assessment shall be sent to every owner subject thereto. The due date of the annual assessment shall be established by the Board of Directors and they may provide for payment of such annual assessment in monthly installments in order to accumulate sufficient funds to pay the taxes, insurance, maintenance, electricity and other costs as they become due. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specific lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its insurance.

Section 8. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION: Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest annual rate of interest then permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property. No Owner may waive or otherwise escape liability for assessments provided for herein by non-use of the Common Area or abandonment of the lot.

Section 9. SUBORDINATION OF THE LIEN TO MORTGAGES: The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien, However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer.

ARTICLE V-ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the property nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to the surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three or more representatives appointed by the Board. In the event said Board or its designated committee fails to approve or disapprove such design and location within thirty days after said plan and specifications have been presented to it, approval will not be required; and this article shall be deemed to have been fully complied with. The provisions of this Article are subject to the requirements of Article IX of this Declaration where applicable. The declarant shall be exempt from the provisions of this Article.

ARTICLE VI-EXTERIOR MAINTENANCE

In the event any Owner of any lot in the property shall fail to maintain the premises and the improvements situate thereon in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said parcel and repair, maintain, and restore the lot and the exterior of the buildings and improvements erected. The cost of such exterior maintenance shall be added to and become a part of the assessment to which such lot is subject.

ARTICLE VII-PARTY WALLS

Section 1. GENERAL RULES OF LAW TO APPLY: Each wall which is built as a part of the original construction of the townhouse upon the property and placed on the dividing line between the lots shall constitute a party wall; and to the extent not inconsistent with the provisions of this article, the general rules of law regarding party walls and liability for property damages due to negligence or willful acts or omissions shall apply thereto.

Section 2. EASEMENTS TO ACCOMMODATE ENCROACHMENTS UPON ADJOINING LOTS: Each lot owner shall have an easement over, upon and under each adjoining lot which is subject to this Declaration to accommodate encroachments from one lot upon another lot of building projections, including by not limited to walls, rooms, living space, eaves, roof overhangs, common stairways, together with like easements of access to adjoining lots and structures for the purpose of repairing and maintaining such encroaching building

projections provided that the lot owner exercising such easement shall restore at such owner's expense all damage to the lot subject to such easement which may be incurred in the exercise of such easement. The easement privilege granted herein shall be exercised only between 9:00 o'clock a.m. and 5:00 o'clock p.m. daily except in cases of emergency.

Section 3. SHARING OF REPAIR AND MAINTENANCE: The cost of reasonable repair and maintenance of party walls and common stairways shall be shared by the owners who make use of the wall and common stairway in proportion to such use.

Section 4. DESTRUCTION BY FIRE OR OTHER CASUALTY: If a party wall is destroyed or damaged by fire or other casualty, any owner who has used the wall may restore it; and if the other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such owners to call for large contribution from the others under the applicable rules of law regarding liability for negligent or willful acts or omissions.

Section 5. WEATHERPROOFING: Notwithstanding any other provisions of this Article, an owner, who, by his negligent or willful act causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6. RIGHT TO CONTRIBUTION RUNS WITH THE LAND: The right-of any owner to contribution from any other owner under this

Article shall be appurtenant to his lot and shall pass to such owner's successor in title.

Section 7. ARBITRATION: In the event of any dispute arising concerning a party wall or any other provisions of this Article VII, each party shall choose one arbitrator; and such arbitrators shall choose one additional arbitrator and the decision shall be by a majority of all the arbitrators. Each party shall pay the fees of the arbitrator he has chosen and one-half (1/2) the fee of each arbitrator chosen by the other two arbitrators. Except as provided herein, all arbitration proceedings shall be pursuant to Chapter 682 of the Florida Statutes as such shall be amended hereafter.

Section 8. INSURANCE:

(a) Every lot owner shall carry casualty insurance (fire, windstorm and extended coverage, if obtainable) to the full insurable value of the structure at all times, naming the Association (SUMMER LAKE OWNERS ASSOCIATION, INC.) as it's interests may appear. A copy of the policy and paid premium receipt shall be deposited with the Association at least once a year by each Owner, or more frequently, if requested by the Association. Upon failure of any Owner to deliver to the Association a copy of such policy and paid premium receipt within thirty (30) days after written request to do so, the Association may obtain such insurance upon any such townhome and the Owner of such townhome shall reimburse the Association within fifteen (15) days after demand and exhibition of the paid premium insurance bill to the Owner, failing which, the amount of the premium bill shall

become a lien upon the townhome and shall be collectible in the same manner as maintenance assessments, as provided in Article IV herein. In the event of any casualty, the proceeds of such insurance policy, not required by the policy to be paid to a mortgagee, shall be used to restore the townhome to the same condition as it was in just prior to the casualty and shall not be used for any other purpose without the written consent of the Association.

(b) In the event any owner fails to begin restoration within twelve (12) months after casualty damage to a townhouse and/or fails to complete such restoration within eighteen (18) months after such casualty damage, to restore the townhouse to the same condition as it existed immediately prior to the casualty damage, the Association shall have the right to purchase such lot, and any improvements thereon, at the fair market value. Such right of purchase shall be exercised by the Association within three (3) years after the date of the casualty damage. In the event the Association and owner cannot agree on such fair market value within thirty (30) days after the Association makes written demand on the owner, at his last know address, to purchase such lot, then each party shall, within fifteen (15) days after the expiration of such thirty (30) day period, notify the other in writing of the name of an appraiser, failing which the appraiser named within such period by one of the parties only, shall conclusively determine the fair market value. In the event both appraisers are selected, those appraisers shall determine the fair market value within fifteen

(15) days after the selection of the last appraiser, and if they cannot agree within that period, the two (2) appraisers shall name a third appraiser, who shall make the final determination of fair market value within (15) days after his appointment. The Association and the unit owner shall each pay the fee of the appraiser selected by them and one-half of the fee of any third appraiser selected by the other two appraisers. The Association shall tender, in cash to the owner, such fair market value as determined by the appraiser within thirty (30) days after receipt of the written appraisal, failing which the lot owner shall be free to sell to anyone he chooses. In the event the Association fails to exercise the right of purchase within three (3) years after the casualty loss, the owner shall also be entitled to sell the lot to anyone he chooses. In the event the owners fails to convey the lot to the Association upon tender of the cash price, in accordance with the terms prescribed herein, the Association may enforce this provision by specific performance action in a court of equity, and the successful party in such action shall recover from the unsuccessful party reasonable attorney fees and court costs.

(c) Any repairs or construction after casualty damage must be approved by the Association in accordance with Article IX, Section 2 of this Declaration.

ARTICLE VIII: EASEMENTS

Section 1. A non-exclusive permanent easement is herein reserved for the benefit of the Declarant and their successors in title who are "owners" as defined in this Declaration of

Covenants and such owner's immediate family, guest, tenants, creditors, employees and agents for the express purpose of vehicular and pedestrian ingress and egress to each "lot" as defined in this Declaration over the paved portion of the surface of that area designated as "Common Area" in the aforesaid plat of SUMMER LAKE TOWNHOMES.

Section 2.

(a) The non-exclusive easements reserved and described in Section 1 of this Article VIII shall also be for the benefit of any governmental authority and/or utility company (such as but not limited to electric, water, sewer, gas, telephone, television cable or related utilities) for access, construction, operation and maintenance of meters, pipes, poles, guywires or other facilities necessary and convenient to such utility use on, under and above such easements for the purpose of serving up to 16 townhouses to be constructed on the property described herein.

(b) Such governmental bodies and/or utilities in Section 4(a) are also granted a permanent easement for the purposes of running conduits, wires, pipes, or other customary and related power, gas, telephone or television conductors below the surface and under any townhouses to be erected on the "lots" described in this Declaration, and within the common walls of all the structures to be erected on such lots, including all common areas conveyed to the Association. The use of this easement is subject to the user restoring the property to substantially the same condition as it was in prior to use of the easement at user's cost. The Declarant

and/or his contractors and sub-contractors shall have the right to use such easement as may be necessary or convenient to facilitate the construction of any townhome now or in the future on any lot in SUMMER LAKE TOWNHOMES.

(c) All utility lines shall be located within the easement indicated on the plat of the subject property.

ARTICLE IX-USE RESTRICTIONS

Section 1. These restrictions shall apply to all the land described in this Declaration.

Section 2. No vehicles, self-propelled or otherwise, including but not limited to motorcycles, mopeds, autos, campers, trailers, mobile homes and the like shall be permitted upon, used, parked or kept at any time on the land herein described except in the designated areas as herein described.

Section 3. No structure shall be erected, placed or altered on any "lot" as defined herein which is not in conformity with and in harmony with the external design of existing structures and in accordance with the original plans and specification subject to the authority of the Board of Directors in Article V hereof.

Section 4. The front of any townhouse erected on any "lot" shall not be changed in any fashion, structurally, nor shall any attachment be made to such exterior front nor shall the existing color design be changed without the written consent of two-thirds (2/3) of the owners of the "lots" which are then subject to this Declaration.

Section 5. No antenna or other attachment to any of the roofs or other portions of the structures located on any of the "lots" subject to this Declaration may be attached without the written consent of two-thirds (2/3) of the owners of lots which are subject to this Declaration.

Section 6. No trade or activity shall be carried on upon any lot nor shall anything be done thereon which may be or which may become a nuisance to the neighborhood. No house trailer, camper, tent, shed, garage, barn or other building of temporary character erected on the common areas or lots subject to this Declaration shall be used as a residence at any time, either temporary or permanently, nor shall any such structure be used for storage, office or other purposes except temporarily, in connection with the construction of townhomes or public improvements. No inoperable vehicles or junk vehicles and no house trailer, camper, mobile home or similar purpose vehicle shall be parked upon, kept or used for any purpose on any lot subject to this Declaration, either temporarily or permanently.

Section 7. no signs of any kind shall be displayed at any time to the public view on any lot except one professional sign not more than one square foot in area and one sign of no more than five square feet in area advertising the property for sale or rent; except signs used by the Declarant developer to advertise the property during construction for sale.

Section 8. No lot shall be used or maintained as a dumping ground for rubbish, trash, inoperable vehicles or other waste. All

garbage and trash shall be kept in sanitary containers as prescribed by the Board of Directors of the Association.

Section 9. No person shall have, keep or maintain on any lot as defined herein any fowl or animal, domestic or otherwise except domestic house pets and in particular, no more than one cat or dog may be maintained on any one lot at any time. Such animals shall not be permitted to trespass upon the common area or another lot without the consent of such lot owners or, as to the common areas, consent of the Board of Directors of the Association. Such animals must be on a leash at all times when not confined in a townhome. Violation of this requirement shall cause the imposition of such fine as the Board of Directors shall judge reasonable and shall be added to the assessment of the lot where the animal is usually kept.

Section 10. The owners of two-thirds (2/3) of the lots which shall then be subject to this Declaration shall have the right to waive any minor violation of these covenants, such persons having the right to exercise their discretion in determining what are minor violations which, however, shall not be construed to permit waiver of an entire covenant.

Section 11.

(a) The easements contained in this Declaration shall run forever (unless terminated as provided herein) with the land described herein.

(b) The covenants and restrictions contained in Article IX shall run with the land described in the plat of SUMMER LAKE

TOWNHOMES, and such covenants and restrictions shall become part of all deeds, contracts or conveyances of any "lot" which are subject to this Declaration and shall be binding on all parties and persons obtaining title to such lots or such persons who claim under the owners of such lot until DECEMBER 1, 2001, at which time such covenants and restrictions in this Article IX shall be automatically extended for successive additional ten (10) year periods unless terminated by written agreement of two-thirds (2/3) of the then record owners of such lots subject to this Declaration, which agreement must be recorded before the beginning of the next applicable ten (10) year extension.

Section 12. If any owner or occupant of any "lot" as defined herein shall violate or attempt to violate any of these covenants or restrictions while in force and effect, it shall be lawful for the Association or any other person or persons owning any other lot which is then subject to this Declaration, to prosecute any proceeding at law or violate such covenants and restrictions and either to enjoin them from doing so or to recover damages or dues from such violations.

Section 13. In no event and under no circumstances shall a violation of any covenant or restriction herein contained work a forfeiture or reverter of title.

ARTICLE X-GENERAL PROVISIONS

Section 1. ENFORCEMENT: The Association, or any "owner" shall have the right to enforce, by any proceeding at law or in equity, all the terms and provisions of this Declaration. Failure

by the Association or of any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. SEVERABILITY: Invalidation of any of the covenants or terms of the Declaration by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. LITIGATION: In the event of litigation to enforce any of the terms of this Declaration, the successful party shall be entitled to recover reasonable attorney fees and court costs from the unsuccessful party in such litigation.

Section 4. ANNEXATION: Additional residential property and common areas may be annexed to the properties with the written consent of two-thirds (2/3) of the numbers as defined in this Declaration.

Section 5. AMENDMENT: The terms of this Declaration may be amended prior to NOVEMBER 1, 2001, only by an instrument executed by not less than two-thirds (2/3) of the owners as defined herein and thereafter by an instrument signed by not less than one-half (1/2) of such members. Any such amendment must be recorded. Notwithstanding anything to the contrary, this Declaration shall not be subject to Amendment without the written recorded consent of the Declarant, or its successors, so long as the Declarant owns any lot in SUMMER LAKE TOWNHOMES; nor shall the Articles of Incorporation and By-Laws of the nonprofit corporation known as SUMMER LAKE OWNER'S ASSOCIATION, INC., be amended in any way

without the consent of the Declarant, so long as the Declarant owns any lots in SUMMERLAKE TOWNHOMES.

Section 6. CONSENT OF MORTGAGEES:

(a) Notwithstanding any other provision of this Declaration, the Common Area, including but not limited to the recreational areas, may not be encumbered or conveyed without the written consent of each mortgagee who holds a lien on any of the 30 lots comprising SUMMERLAKE TOWNHOMES.

(b) Notwithstanding any other provision hereof, this Declaration may not be amended or terminated without the written consent of each mortgagee who holds a lien on any of the 30 lots composing SUMMERLAKE TOWNHOMES.

Section 7. WORKING CAPITAL AND REPLACEMENT RESERVES:

(a) At the first meeting of the Board of Directors of the Association occurring after the lot Owners, other than the Declarant, are in control of the Association, the Board of Directors shall determine the replacement cost and useful life of the Common Areas (including, but not limited to recreational facilities) and shall set apart from the maintenance fees provided hereinbefore, such amount as shall be determined on the basis of replacement costs and useful life, in a separate reserve account for periodic replacement and maintenance of such items.

(b) A working capital fund in the amount of \$176.86 shall be collected at closing of or sale of each improved lot and paid over to the Association at the time of closing and maintained in the working account for the use and benefit of the Association.

Section 8. DEED TO COMMON AREAS: Declarant shall convey by quit-claim deed all of the common areas described on plat of SUMMERLAKE TOWNHOMES to SUMMER LAKE OWNER'S ASSOCIATION, INC., not later than the recording of the first conveyance of a townhome to a purchaser.

Section 9. FINANCIAL STATEMENTS: The Association shall make available to owners and lenders and holder, insurers or guarantors of first mortgages of any first mortgage, current copies of the Declaration, By-Laws and those rules concerning the project, and the books, records and financial statements of the Association, upon request during normal business hours, or under other reasonable circumstances. The holders of 50% of the first mortgages shall be entitled to have an audited financial statement for the immediately preceding fiscal year of the Association, prepared at the expense of the requesting parties, if one is not otherwise available.

Section 10. TRANSFER OF CONTROL: The Declarant shall transfer control of the Association to the owners no later than upon the closing in connection with the conveyance of the last of the 30 lots in SUMMERLAKE TOWNHOMES.

Section 11. RIGHTS OF MORTGAGE HOLDERS, GUARANTORS OR MORTGAGE INSURERS: Upon written request to the Association identifying the name and address of the mortgage holder, insurer, or guarantor, and the lot address, any such mortgage holder, insurer or guarantor will be entitled to timely written notice of:

(a) Any condemnation loss or casualty loss which affects

a material portion of the project or any lot on which there is a first mortgage held, insured or guaranteed by a mortgage holder, insurer or guarantor.

(b) Any delinquency in the payment of assessments or charges owed by an owner of any lot subject to first mortgage held, insured or guaranteed by a mortgage holder, insurer or guarantor.

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) Any proposed action requiring the consent of any mortgage holder.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused their hands and seals to be affixed hereto this 16 day of September, 1997.

SUMMER LAKE, INC.

WITNESSES

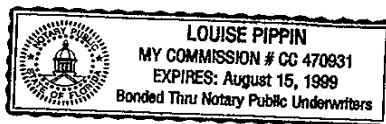
Wendy Wickerson

By: R. M. Buchanan

Dawn Bryan

STATE OF FLORIDA
COUNTY OF WALTON

I HEREBY CERTIFY--that Robert Morris Buchanan appeared before me on September 16, 1997, produced FL Lic B255-773-62-420 as identification and did not take an oath.



Louise Pippin
Notary Public

FL 558669 B 1708 P 122
CO:WALTON ST:FL