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DECLARATION OF CONDOMINIUM

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STONEWATER, A CONDOMINIUM

Condominium Map Exhibits showing STONEWATER, a condominium
filed in Condominium Plat Book 9 Pages 1 and 2, this 11th
day of August, 1986

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PL

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HOLLAND & KNIGHT
P.O. DRAWER BW
LAKE LAND, FL 33802
Attn: Greg Deal

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STONEWATER, A CONDOMINIUM

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DECLARATION OF CONDOMINIUM

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STONEWATER, A CONDOMINIUM

The Drummond Company, Inc., an Alabama corporation ("Developer"), being the owner of the fee simple title to the property described in Exhibit "A" attached hereto, for itself, its successors, grantees and assigns, hereby submits said property, improvements thereon and appurtenances thereto to condominium ownership pursuant to Chapter 718 of the Florida Statutes, as enacted upon date of recordation hereof.

All the restrictions, reservations, covenants, conditions, easements and limitations of record contained herein shall constitute covenants running with the land or equitable servitudes upon the land, as the case may be, shall run perpetually unless terminated as provided herein, and shall be binding upon all Unit Owners as hereinafter defined. In consideration of receiving and by acceptance of a grant, devise or mortgage, all grantees, devisees or mortgagees, their heirs, personal representatives, successors and assigns, and all parties claiming by, through or under such persons, agree to be bound by the provisions hereof, the Articles of Incorporation and the By-Laws of the Association hereinafter defined. Both the benefits provided and the burdens imposed shall run with each Unit and the interests in Common Elements as defined herein.

1. DEFINITIONS.

As used in this Declaration, in the Articles of Incorporation and in the By-Laws attached hereto, and in all amendments thereto, unless the context requires otherwise:

A. "Assessment" means a share of the funds required for the payment of Common Expenses which from time to time are assessed against any Unit Owner.

B. "Association" or "Corporation" means Stonewater Condominium Association, Inc., the nonprofit Florida corporation responsible for the operation of the Condominium.

C. "Board of Administration" means the board of directors or other representative body responsible for the administration of the Association.

D. "Articles" and "By-Laws" means the Articles of Incorporation and the By-Laws of the Association as they exist from time to time.

E. "Common Elements" means that portion of the Condominium Property not included in the Units (sometimes referred to as "Common Area").

F. "Common Expenses" means the expenses of administration, maintenance, operation, repair and replacement of the Condominium Property, other expenses declared by the Association or this Declaration to be Common Expenses and any other valid expenses or debts of the condominium as a whole or the Association which are assessed against the Unit Owners.

G. "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 the Common Expenses.

H. "Condominium Building" means the structures which comprise that part of the Condominium Property within which the Units are located.

I. "Condominium Act" means Chapter 718, Florida Statutes, as amended from time to time, which shall apply to this Condominium, provided that the terms and provisions of this Declaration shall control to the extent the Statute authorizes a variance by the terms of a declaration of condominium or other condominium documents.

J. "Condominium Parcel" means a Unit together with the undivided share in the Common Elements which is appurtenant to the Unit.

K. "Condominium Property" means and includes all lands that are subjected hereunder to condominium ownership, whether or not contiguous, and all improvements thereon and all easements and rights appurtenant thereto intended for use in connection with the Condominium.

L. "Declaration" or "Declaration of Condominium" means this instrument as it may from time to time be amended.

M. "Developer" means the Drummond Company, Inc., an Alabama corporation, and its successors and assigns.

N. "Limited Common Elements" means and includes those Common Elements which are reserved for the use of a certain Unit or Units to the exclusion of other Units (sometimes referred to as "Limited Common Area").

O. "Mortgagee" means a bank, the Developer, savings and loan association, insurance company, mortgage company, real estate investment trust, recognized institutional type lender or its loan correspondent, or agency of the United States Government, which owns or holds a mortgage encumbering a

Condominium Parcel. "Mortgagee" also includes Federal National Mortgage Association.

P. "Operation" or "Operation of the Condominium" means and includes the operation, administration and management of the Condominium Property.

Q. "Unit" or "Apartment" means a part of the Condominium Property which is to be subject to private ownership, as designated in this Declaration, which shall consist of land and/or improvements.

R. "Unit Owner", "Apartment Owner", or "Owner of a Unit" means the owner of a Condominium Parcel as shown by the real estate records in the office of the Clerk of Polk County, Florida, whether such Owner be the Developer, one or more persons, firms, associations, corporations or other legal entities. "Owner" shall not mean or refer to the holder of a mortgage or security deed, its successors or assigns, unless and until such holder has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.

S. "Utility Service" as used in the Condominium Act, construed with reference to this Condominium, and as used in this Declaration, the Articles and the By-Laws shall include, but not be limited to, electric power, gas, hot and cold water, trash and sewage disposal.

T. "The Condominium" or "this Condominium" means Stonewater, a Condominium.

2. CONDOMINIUM NAME, CONDOMINIUM PARCELS, APPURTENANCES, POSSESSION AND ENJOYMENT.

A. The name of this Condominium is STONEWATER, A CONDOMINIUM.

B. There shall pass with each Unit as appurtenances thereto:

(1) An undivided share in the Common Elements.

(2) An exclusive easement for the use of the air space occupied by the Unit as it exists at any particular time and as the Unit may lawfully be altered or reconstructed from time to time, which easement shall be terminated automatically in any air space which is vacated from time to time.

(3) An undivided share in the Common Surplus.

(4) Membership of the Unit Owner in the Association.

(5) The use of such parking space or spaces as may be assigned for the Unit Owner's exclusive use.

C. Each Unit Owner is entitled to the exclusive possession of his Unit subject to the provisions of this Declaration. He shall be entitled to the use of the Common Elements, in accordance with the provisions of this Declaration and the purposes for which they are intended, but no such use shall hinder or encroach upon the lawful rights of other Unit Owners. There shall be a joint use of the Common Elements and a mutual easement for that purpose is hereby created.

D. Each Unit is identified by a specific numerical designation as set forth in Exhibit "B" attached hereto. In horizontal dimension, each Unit consists of the area bounded by the unfinished interior surfaces of the perimeter walls of each such Unit. In vertical dimension, each Unit consists of the space between the top of the unfinished concrete floor and the bottom of the unfinished ceiling of each such unit. Additionally, each unit consists of the patio located under the roof which patio is appurtenant to the unit. Each Unit Owner shall not own the undecorated or unfinished surfaces of the perimeter walls, floors, and ceilings surrounding his Unit, nor shall he own pipes, wires, conduits or other utility lines running through his Unit which are utilized for or serve more than one Unit, which items are hereby made a part of the Common Elements. Said Owner, however, shall own the walls and partitions which are contained within his Unit and inner decorated or finished surfaces of the perimeter walls, floors and ceilings, including plaster, paint and wallpaper.

E. Each Unit Owner shall own and be responsible for the maintenance, repair and replacement of all components for the individual air conditioning unit which services his Unit.

F. "Time share estates" may not be created in any Unit by any person or entity. As used herein, "time share estates" includes any arrangement, plan, scheme or similar device, whether by membership agreement, tenancy in common, interval ownership, sale, lease, deed, rental agreement, license or right-to-use agreement, whereby an owner of the time share estate receives a right to the use of a Unit and the Common Elements for a period of not less than seven (7) days during any given year and which extends for a period of more than three (3) years.

G. Subject to the provisions of Article 20. of this Declaration, Units shall only be used as single-family residences by the Owners thereof, their family members and guests in accordance with rules and regulations of the Association.

3. RESTRAINT UPON SEPARATION AND PARTITION OF COMMON ELEMENTS.

A. The undivided share in the Common Elements which is appurtenant to a Unit shall not be separated therefrom and shall pass with the title to the Unit, whether or not separately described.

B. A share in the Common Elements appurtenant to a Unit cannot be conveyed or encumbered except together with the Unit.

C. The shares in the Common Elements appurtenant to Units shall remain undivided, and no action for partition of the Common Elements shall lie.

4. COMMON ELEMENTS.

A. Common Elements include the following:

(1) The land on which the improvements are located and any other land included in the Condominium Property, whether or not contiguous.

(2) Any portion of the Condominium Property which is not included within the Units.

(3) Easements through Units for conduit ducts, plumbing, wiring and other facilities for the furnishing of Utility Services to Units and the Common Elements.

(4) An easement of support which is hereby created in every portion of a Unit which contributes to the support of a Condominium Building.

(5) The property and installations required for the furnishing of Utility Services and other services to more than one Unit, the Common Elements or a Unit other than the Unit containing the installation.

B. The undivided share in the Common Elements, Common Expenses and Common Surplus appurtenant to each Unit is 1/155.

5. LIMITED COMMON ELEMENTS.

A. There may be Limited Common Elements appurtenant to Units in this Condominium, as reflected by the plot plan and survey attached as Exhibit "B" hereto, which shall include, but not be limited to, walkways, the open area immediately adjacent to the rear of the unit designated as Limited Common Elements on the plat, driveways, and decks which are specifically designated and delineated. These Limited Common Elements are reserved for the use of the Units to which they are appurtenant or assigned to the exclusion of other Units, and there shall pass with a Unit as an

appurtenance thereto the exclusive right to use the Limited Common Elements so appurtenant or assigned.

B. Each Limited Common Element on the lake side of the unit shall be maintained by the Association; provided, however if a Unit Owner makes improvements on the Limited Common Elements, the Unit Owner shall be responsible for maintenance of the Improvements. Each Limited Common Element to the rear of each unit not located on the lake shall be maintained by the Association until the Limited Common Element area is improved by the owner of an appurtenant unit as hereafter provided, at which time the maintenance of the Limited Common Element shall become the responsibility of the appurtenant Unit Owner and the term "unit" as used in paragraph 1.Q. hereof shall be deemed to include that Limited Common Element. Upon a vote of two-thirds of the voting rights of the Unit Owners, the Association may assume the responsibility for the maintenance, repair and replacement of any items that would otherwise be the responsibility of the Unit Owners.

If an owner fails to properly maintain and repair as required, the Association, at the discretion of the Board of Administration, may make such repairs as the Board may deem necessary and the cost of them shall be assessed against the defaulting Unit Owner. The Association shall have a lien against a unit for the cost of any repairs it shall make for the owner, to the same extent as is provided by the Condominium Act for unpaid assessments, plus interest at the maximum rate allowed by law and reasonable attorneys' fee incurred by the Association for collection.

6. DESCRIPTION OF PROPERTY SUBMITTED TO CONDOMINIUM OWNERSHIP.

A. The legal description of the land hereby submitted to condominium ownership is set forth in Exhibit "A" attached hereto and made a part hereof.

B. Exhibit "B" attached hereto and made a part hereof is a survey of said land, a graphic description of the improvements in which Units are located, and a plot plan thereof.

C. The identification, location and dimensions of each Unit and the Common Elements and Limited Common Elements appear on Exhibit "B". Together with this Declaration, Exhibit "B" includes sufficient detail to identify the Common Elements, the Limited Common Elements, and each Unit and provides accurate representations of their locations and dimensions.

7. AMENDMENTS TO DEVELOPMENT PLAN.

A. The Developer is constructing this condominium development so that the interior of all units may be custom-made within

the dimensions shown on the plat to suit the individual needs and desires of the various Unit Owners. The Developer shall therefore retain reasonable development flexibility to meet its marketing needs and the particular desires of prospective Unit Owners. The Developer therefore specifically reserves the right, without anyone else's consent, to (i) make alterations, additions or improvements in, to and upon units (and their appurtenant limited common elements) owned by the Developer; (ii) change the layout or number of rooms in any Developer-owned units; and (iii) change exterior configurations and sizes of units within the dimensions shown on the plat and the provisions of this Declaration. No changes to the development plan will substantially affect the location, size or configuration of any unit described in an existing Agreement for Sale.

B. The Amendment of this Declaration reflecting such authorized alteration of plans by Developer need be signed and acknowledged only by the Developer, and need not be approved by the Association, Unit Owners, lienors or Mortgagees, whether or not their joinder is elsewhere required for other amendments.

8. AMENDMENT OF DECLARATION.

A. This Declaration may be amended at any regular or special meeting of Unit Owners called or convened in accordance with the By-Laws by the affirmative vote of more than two-thirds (2/3) of the Units. All amendments shall be evidenced by a certificate executed as required by the Condominium Act and recorded among the Public Records of Polk County, Florida, provided, however, that except as otherwise provided in this Declaration:

(1) Subject to the provisions of Article 7 above, no amendment shall change the configuration or the size of any Unit in any material fashion, materially alter or modify the appurtenances to such Unit, nor change the proportional percentage by which a Unit Owner shares the Common Expenses and owns the Common Surplus unless the record owner thereof and all record owners of liens thereon shall join in the execution of such amendment; and

(2) No amendment shall be passed which shall impair or prejudice the rights and priorities of any Mortgagee without the prior written consent of such Mortgagee.

(3) No amendment shall be passed which shall in any way affect any of the rights, privileges, powers or options of the Developer without the prior written consent of the Developer.

(4) Any amendment which would affect the surface water management system, including water management portions of the Common Elements, shall not be passed without the prior writ-

ten approval of the Southwest Florida Water Management District.

B. Notwithstanding anything to the contrary herein, the Developer reserves the exclusive right to amend the Declaration and any Exhibits hereto, which exclusive rights shall continue for such period of time as the Developer shall be in control of the Association; provided, however, that no such amendment by the Developer shall impair or prejudice the rights and priorities of any Mortgagee without the prior written consent of such Mortgagee. Such amendment need be executed and acknowledged only by the Developer and need not be approved by the Association, Unit Owners, lienors or Mortgagees, whether or not elsewhere required for amendments.

C. Invalidation of any part of this Declaration, any provision contained in any plat of the Condominium Property or in a conveyance of a Unit in the Condominium by judgment, court order or law shall not affect any of the other provisions hereof which shall remain in full force and effect.

9. THE ASSOCIATION, ITS POWERS AND RESPONSIBILITIES.

A. The operation of the Condominium shall be vested in the Association. The Association has been organized or will be organized as a nonprofit Florida corporation and a copy of its Articles of Incorporation are attached hereto and made a part hereof as Exhibit "C".

B. No Unit Owner, except an officer or director of the Association, shall have any authority to act for the Association.

C. All Unit Owners shall automatically be members of the Association, and a Unit Owner's membership shall terminate when he no longer owns his Unit.

D. Unit Owners shall be entitled to one (1) vote for each Unit owned in accordance with the voting privileges set forth in the Articles and By-Laws. Multiple owners of a Unit shall collectively be entitled to one (1) vote for said Unit in accordance with voting privileges set forth in the Articles and By-Laws. There shall be no cumulative voting.

E. The powers and duties of the Association shall include those set forth in the Articles, the By-Laws, the Condominium Act, and this Declaration and shall include, but not be limited to, the following:

(1) The irrevocable right of access to each Unit at reasonable hours as may be necessary for the maintenance, repair or replacement of any Common Elements therein or accessible therefrom or another Unit or at any hour for making

emergency repairs necessary to prevent damage to the Common Elements or to another Unit.

(2) The power to levy and collect Assessments from Unit Owners and to lease, maintain, repair and replace the Common Elements.

(3) The keeping of accounting records in accordance with good accounting practices and the Condominium Act which records shall be open to inspection by Unit Owners or their authorized representatives at reasonable times and written summaries of which shall be supplied at least annually to Unit Owners or their authorized representatives.

(4) The power to enter into contracts with others for the maintenance, management, operation, repair and servicing of the Condominium.

(5) The power to adopt reasonable rules and regulations for the maintenance and conservation of the Condominium Property, and for the health, comfort, safety and welfare of the Unit Owners, all of whom shall be subject to such rules and regulations; provided, however, that no rule or regulation shall in any way affect any of the rights, privileges, powers or options of the Developer without the prior written consent of the Developer.

(6) The power to obtain and maintain adequate insurance to protect the Association and the Common Elements.

F. Except as provided by statute in case of condemnation or substantial loss to the Units and/or Common Elements, unless at least two-thirds of the Mortgagees (based upon one vote for each first mortgage owned), or Owners (other than the Developer) have given their prior written approval, the Association shall not be entitled to:

(1) By act or omission seek to abandon or terminate the Condominium;

(2) Change the pro rata interest or obligations of any individual Unit for the purpose of (a) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (b) determining the pro rata share of ownership of each Unit in the Common Elements;

(3) Partition or subdivide any Unit;

(4) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Owners shall not be deemed a transfer within the meaning of this clause.);

(5) Use hazard insurance proceeds for losses to any portion of the Condominium for other than the repair, replacement or reconstruction of such portion.

G. The Association shall not be entitled to construct any improvements within the 50 foot Greenbelt Buffer as depicted on the plat of the Condominium.

10. BY-LAWS.

The administration of the Association and the operation of the Condominium Property shall be governed by the By-Laws of the Association, a copy of which is attached hereto and made a part hereof as Exhibit "D". No modification of or amendment to these By-Laws shall be deemed valid unless duly adopted as provided in the By-Laws and set forth in or annexed to a duly recorded amendment to this Declaration executed in accordance with the provisions of the Condominium Act. No amendment to said By-Laws shall be adopted which would affect or impair the validity or priority of any mortgage covering any Condominium Parcel.

11. MAINTENANCE: LIMITATION UPON IMPROVEMENT.

A. The maintenance of the Common Elements shall be the responsibility of the Association; provided, however, that the Association shall not be responsible for the maintenance of any air conditioning compressor that serves a particular Unit, which responsibility shall, instead, be borne solely by the Owner of such Unit.

B. There shall be no material alteration or substantial addition to the Common Elements or Limited Common Elements except in the manner provided herein.

C. No Unit Owner shall make any alterations in the portions of the improvements of the Condominium which are to be maintained by the Association, remove any portion thereof, make any additions thereto, do any work which would jeopardize the safety or soundness of the building containing his Unit or impair any easement.

D. No privacy fence, wall, gate or other structure may be erected, installed, maintained or removed on the Condominium Property until the design, construction, specifications and a plan showing the location of the structure have been approved in writing by the Board of Administration (or an architectural review committee appointed by it) as to quality, design and materials, in harmony with existing structures, and as to location with respect to topography and finished grade elevation. Such approval of the Board of Administration (or its designee) shall not be required in the event that the Board of Administration (or its designee) fails to give such approval within thirty (30) days after receipt of a written request for

same. In no event will such approval be unreasonably withheld nor will any charge be made therefor. Nothing contained in this paragraph shall be construed to lessen the obligation of any Owner to make prompt application for and obtain all necessary governmental permits and other approvals with respect to any such structure. The provisions of this paragraph shall not apply to the Developer.

E. No improvements or landscaping shall be effected within the Limited Common Elements described in paragraph 5.B. hereof except by selection and installation of "package" improvement plans designed and approved by the Developer which plans will be limited in number to preserve an attractive and relatively uniform exterior appearance. Any such improvements or alterations so commenced shall be substantially completed and ready for use within a reasonable time set by the Association. If the construction or alterations are not timely completed by the Unit Owner, the Association may do so and charge the expense to the Unit Owner as an additional assessment collectable as such. The approved package improvement plans shall generally consist of landscaping, screening, therapy pools, decks and the like, but the Developer shall retain the right to determine the form, character and content of these improvement packages. During and following the construction of improvements or alterations, the Limited Common Element described in paragraph 5.B. hereof shall be maintained by the Unit Owner as previously set forth.

12. COMMON EXPENSES AND COMMON SURPLUS.

A. Common Expenses shall include the expenses of the operation, maintenance, repair or replacement of the Common Elements and Limited Common Elements, when applicable, costs of carrying out the powers and duties of the Association and any other expense designated as Common Expenses by the Condominium Act, this Declaration or the By-Laws. Common Expenses shall also include assessments due by Unit Owners to the Master Association, which assessments shall be paid by the Association.

B. Common Expenses shall be assessed against Unit Owners in a proportion equal to those proportions of ownership in the Common Elements as provided in this Declaration.

C. Common Surplus, if any, shall be owned by Unit Owners in a proportion equal to those proportions of ownership in the Common Elements as provided in this Declaration.

13. ASSESSMENTS: LIABILITY, LIENS, PRIORITY, INTEREST AND COLLECTIONS.

A. The Association, through its Board of Administration, shall have the power to determine and fix the sums necessary to provide for the Common Expenses, including the expense allocable

to services being rendered by a management company with whom the Association may contract. Unless specifically waived by the Association, the Assessments shall include monies required for the payment of hazard and liability insurance premiums. The annual Assessment shall initially be payable in advance, quarterly, on the first day of each such month; however, the Board of Administration shall have the power to establish other collection procedures. In addition, the Association shall have the power to levy special assessments against Units in their respective percentages if a deficit should develop in the payment of Common Expenses during any period that the level of Assessments has not been guaranteed by the Developer. The Board of Administration of the Association may, but shall not be required to, include sums to establish reasonable reserves against future contingencies in each annual Assessment.

B. A Unit Owner, regardless of the manner in which he acquired title to his unit including, without limitation, a purchaser at a judicial sale, shall be liable for all Assessments while he is the owner of a Unit. In a voluntary conveyance of a Unit, the grantee shall be jointly and severally liable with the grantor for all unpaid Assessments against the latter for his share of the Common Expenses up to the time of such voluntary conveyance. The liability for Assessments may not be avoided by waiver of the use or enjoyment of any Common Elements, services or recreation facilities, or by abandonment of the Unit against which the Assessment was made.

C. Assessments and installments thereof not paid when due shall bear interest from the due date until paid at the maximum rate allowed under Florida law.

D. The Association shall have a lien upon each Condominium Parcel to secure the personal obligation of each Unit Owner thereof for any unpaid Assessment and interest thereon. Such lien shall also secure reasonable attorney's fees incurred by the Association incident to the collection of such Assessment or enforcement of such lien. The lien shall be evidenced by a claim recorded among the Public Records of Polk County, Florida, in the manner provided by the Condominium Act, and shall be effective from and as of the time of such recording, but such lien shall be subordinate to the lien of any Mortgagee. The Board of Administration may take such action as it deems necessary to collect Assessments by either an in personam action or lien foreclosure, or both, and may settle and compromise the same if in the best interest of the Association. Said liens shall have the priorities established by the Condominium Act.

E. Liens for Assessments may be foreclosed by suit brought in the name of the Association in like manner as a foreclosure of a mortgage on real property. In any such foreclosure, the court, in its discretion, may require the Unit Owner to pay a reasonable rental for the Condominium Parcel and the court may appoint a receiver to collect the Assessments which are the subject of said

proceeding. The Association may bid in the Condominium Parcel at foreclosure sale and apply as a cash credit against its bid all sums due the Association secured by the lien being enforced, and the Association may acquire and hold, lease, mortgage and convey any Condominium Parcel so acquired.

F. If the holder of a mortgage of record or other purchaser of a Unit obtains title to the Condominium Parcel as a result of foreclosure of said first mortgage, or accepts a deed to said Condominium Parcel in lieu of foreclosure, such acquirer of title, his successors and assigns, shall not be liable for the share of Common Expenses or Assessments by the Association pertaining to such Condominium Parcel or chargeable to the former Unit Owner which became due prior to acquisition of title as a result of the foreclosure, except for any portion thereof secured by a claim of lien for Assessments that was recorded prior to a recording of the foreclosed mortgage. Any such unpaid share of Common Expenses or Assessments shall be deemed to be a Common Expense, collectible from all Unit Owners, including such acquirer, his successors and assigns. A mortgagee or other purchaser acquiring title to a Condominium Parcel as a result of foreclosure or a deed in lieu of foreclosure may not, during the period of its ownership of such Parcel, whether or not such parcel is unoccupied, be excused from the payment of some or all of the Common Expenses coming due during the period of such ownership.

G. The Association, acting by and through its Board of Administration, shall have the right to assign its claim for any unpaid Assessments and the lien securing said claim to the Developer or to any Unit Owner, group of Unit Owners or any third party.

H. Nothing contained herein shall abridge or limit the rights or responsibilities of Mortgagees as set forth in the Condominium Act.

I. Except as provided in subparagraph F above and in this subparagraph, no Unit Owner other than the Developer as expressed below may be excused from the payment of his proportionate share of Common Expenses unless all Unit Owners are likewise proportionately excused from such payment. In accordance with the provisions of section 718.116 of the Condominium Act, the Developer shall be excused from the payment of annual assessments until such period of time as Developer shall cease to control the Association or a period of 36 months following recordation of this Declaration, whichever event occurs first ("Guaranty Period") since, during the Guaranty Period, which shall begin on the date the Declaration is recorded in the public records of Polk County, Florida, the Developer guarantees that annual assessments shall not increase over the amounts set forth in the Estimated Operation Budget of the Condominium for the first, second and third years of operation. During the Guaranty Period, the Developer shall contribute an amount of money to the

Association sufficient to eliminate any deficit between assessments collectible from Owners and the actual expenses of the Association.

14. TERMINATION OF CONDOMINIUM.

Subject to the provisions of this Declaration concerning total or substantial destruction, the Condominium Property may be removed from the provisions of this Declaration at any time by a vote of eighty (80%) percent of the voting rights of all Unit Owners and unanimous written consent of all of the institutional first mortgage holders by an instrument to that effect signed by the president or vice president and secretary of the Association with the formalities of a deed and duly recorded in the public records of Polk County, Florida. In the event of termination, the rights of owners of mortgages or other liens and the procedure for liquidation of the Condominium assets as provided herein with respect to total or substantial destruction shall apply and shall be under the supervision and control of the Insurance Trustee selected by the Board of Administration of the Association.

15. EQUITABLE RELIEF.

In the event of "major damage" to or destruction of all or a substantial part of the Condominium Property and if the Property is not repaired, reconstructed or rebuilt within a reasonable period of time, any Unit Owner shall have the right to petition a court of competent jurisdiction for equitable relief which may, but need not, include termination of the Condominium and partition.

16. LIMITATION OF LIABILITY.

A. The liability of each Unit Owner for Common Expenses shall be limited to the amounts assessed against him from time to time in accordance with the Condominium Act, this Declaration, the Articles and the By-Laws.

B. A Unit Owner may be personally liable for any damages caused by the Association in connection with the use of the Common Elements, but only to the extent of his pro rata share of that liability in the same percentage as his interest in the Common Elements and in no event shall said liability exceed the value of his Unit. Each Unit Owner shall be liable for injuries or damages resulting from an accident in his own Unit to the same extent and degree that the owner of a house or any other property owner would be liable for such an occurrence.

C. In any legal action in which the Association may be exposed to liability in excess of insurance coverage protecting it and the Unit Owners, the Association shall give notice of the ex-

posure within a reasonable time to all Unit Owners, and they shall have a right to intervene and defend.

17. LIENS.

A. With the exception of liens which may result from the initial construction of this Condominium or provided for in this Article, no liens of any nature shall arise or be created subsequent to the recording of this Declaration against the Condominium Property (as distinguished from individual Units) without the unanimous consent of the Unit Owners.

B. Unless a Unit Owner has expressly requested or consented to work being performed or materials being furnished to his Unit, such labor or materials may not be the basis for the filing of a lien against same. No labor performed or materials furnished to the Common Elements shall be the basis for a lien thereon unless authorized by the Association, in which event, the same may be the basis for the filing of a lien against all Condominium Parcels in the proportions for which the Owners thereof are liable for Common Expenses.

C. In the event a lien against two or more Condominium Parcels becomes effective, each owner thereof may release his Condominium Parcel from the lien by paying the proportionate amount attributable to his Condominium Parcel. Upon such payment, it shall be the duty of the lienor to release the lien of record from such Condominium Parcel.

18. REMEDIES FOR VIOLATION.

Each Unit Owner, his family, invitees and tenants, shall be governed by and conform to this Declaration, the Articles, the By-Laws and the rules and regulations of the Association. Failure to do so shall entitle the Association or any other Unit Owner to recover damages or obtain injunctive relief or both, but such relief shall not be exclusive of other remedies provided by law.

19. EASEMENTS.

A. Owners of Units shall have, as an appurtenance to their Units, a perpetual easement for ingress and egress to and from their Units over and upon stairs, terraces, balconies, walks and other Common Elements intended for such purposes.

B. The Condominium Property shall be subject to perpetual easements for encroachments presently existing or which may hereafter be caused by settlement or movement of the Condominium Building or minor inaccuracies in construction, which easements shall continue until such encroachments no longer exist. If the

Condominium Property is destroyed and then rebuilt, encroachments due to construction shall be permitted and a valid easement for said encroachments shall exist. If any portion of the Common Elements encroaches upon any Unit, or any Unit encroaches upon the Common Elements, as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the improvements contained in the Condominium Property, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

C. The Condominium Property shall be subject to such easements for utilities as may be determined by the Developer or required to properly and adequately serve the Condominium Property as it exists from time to time. Each of said easements, whether heretofore or hereafter created, shall constitute covenants running with the land of the Condominium and, notwithstanding any other provisions of this Declaration, may not be substantially amended or revoked in such a way as to unreasonably interfere with its proper and intended use and purpose and shall survive the termination of the Condominium. To the extent that the creation of any such utility easements require the joinder of Unit Owners, the Developer by its duly authorized officers may, as the agent or the attorney-in-fact for the Unit Owners, execute, acknowledge and deliver such instruments and the Unit Owners, by the acceptance of deeds to their Units, irrevocably nominate, constitute and appoint the Developer, through its duly authorized officers, as their proper and legal attorneys-in-fact for such purpose. Said appointment is coupled with an interest and is therefore irrevocable. Any such instrument executed pursuant to this Article shall recite that it is made pursuant to this Article.

D. The Developer hereby reserves unto itself an easement over the Condominium Property exclusive of any Units not owned by it for any activity that Developer determines in its sole discretion to be necessary to consummate the sale, lease or rental of any Unit including, but not limited to, the right to maintain models, post signs, use employees in the models or permit use of the Common Elements for marketing purposes. Further, such activities are hereby expressly authorized and permitted.

E. An easement shall exist for pedestrian traffic over, through and across sidewalks, paths and walks and for vehicular and pedestrian traffic over, through and across such portions of the Common Elements as may from time to time be paved and intended for such purposes. Such easements shall be for the use and benefit of the members of the Association, as well as the invitees of such members; provided, however, nothing herein shall be construed to give or create in any person the right to park upon any portion of the Condominium Property except to the extent that space may be specifically designated and assigned for parking purposes.

20. LEASE.

The Association has the right to require that a substantially uniform form of lease be used for the leasing of Units. No lease shall be for a period of less than three (3) months, and the proposed lessees shall consist of not more than two (2) persons per bedroom in the Unit to be leased. Subleases of Units are prohibited. Units shall not be leased more than twice in any twelve (12) month period. Notwithstanding the lease of his Unit, the liability of the Unit Owner under this Declaration shall continue.

21. ENFORCEMENT OF MAINTENANCE.

In the event that a Unit Owner fails to maintain his Unit as required herein or otherwise violates the provisions hereof, the Association shall have the right to assess the Unit Owner and the Unit for the sums necessary to restore the Unit to good condition, to collect such Assessment and have a lien for same as is otherwise provided herein. The Association shall have the right, before or after any such Assessment, to have its employees or agents enter the Unit and do the work necessary to enforce compliance with the above provisions. Unit Owners may also be individually assessed for any damage to the Common Elements or Limited Common Elements which may be caused by such Owners, their family, lessees or guests.

22. INSURANCE.

A. Purchase of Insurance. The Association shall obtain fire and extended coverage insurance, vandalism and malicious mischief insurance insuring all of the insurable improvements within the Common Elements together with such other insurance as the Association deems necessary in a company with an "A+10" rating or better in an amount which shall be equal to the maximum insurable replacement value as determined annually. The premiums for such coverage and other expenses in connection with said insurance shall be assessed against the Unit Owners as part of the Common Expenses. The named insured shall be the Association, individually and as agent for the Unit Owners, without naming them, and as agent for their Mortgagees.

(1) Provision shall be made for the issuance of Mortgagee endorsements and memoranda of insurance to Mortgagees. Such policies shall provide that payments for losses thereunder by the insurer shall be made to the Insurance Trustee hereinafter described, and all policies and endorsements thereon shall be deposited with the Insurance Trustee.

(2) For purposes of this and the following Article, all buildings constituting the Condominium, as described in

Exhibit "B" attached hereto, shall collectively be deemed one Building.

B. Coverage.

(1) Casualty. All buildings and improvements upon the Property described in Exhibit "B" attached hereto shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, and all personal property included in the Common Elements shall be insured for its maximum insurable replacement value, said value to be determined annually by the Board of Administration. Such coverage shall afford protection against:

(a) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement; and

(b) Such other risks as from time to time shall customarily be covered with respect to buildings similar in construction, location and use as the buildings described in this subparagraph B including, but not limited to, vandalism and malicious mischief.

(2) Public liability in such amounts and with such coverage as shall be required by the Board of Administration, including, but not limited to, hired automobile and nonowned automobile coverages, including a cross liability endorsement to cover liabilities of the Unit Owners as a group to a Unit Owner.

(3) Worker's compensation insurance meeting all the requirements of the laws of Florida.

(4) Directors and officers liability insurance, if available.

(5) Such other insurance as the Board of Administration shall determine from time to time to be desirable including without limitation such insurance as may be required by any agency of the United States government which holds a first mortgage encumbering a Unit or insures to the holder thereof the payment of the same.

C. Premiums. Premiums upon insurance policies purchased by the Association shall be assessed by the Association against the Unit Owners as part of the Common Expenses.

D. Insurance Trustee; Shares of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association, the Unit Owners and their Mortgagees, as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to an Insurance Trustee which shall be designated by the Board of Administration. The Insurance Trustee shall not be liable for payment of premiums, the renewal or the sufficiency of policies or the failure to collect any insurance proceeds. The duty of the Insurance Trustee

shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein and for the benefit of the Unit Owners and their Mortgagees in the following shares, which shares need not be set forth on the records of the Insurance Trustee:

(1) Common Elements. Proceeds on account of damage to Common Elements - an undivided share for each Unit Owner, such share being the same as the undivided share in the Common Element appurtenant to his Unit.

(2) Units. Proceeds on account of damage to Units shall be held in the following undivided shares:

(a) When the Condominium Building is to be restored, for the owners of damaged Units in proportion to the cost of repairing the damage suffered by each Unit Owner, which cost shall be determined by the Association.

(b) When the Condominium Building is not to be restored, an undivided share for each Unit Owner, such share being the same as the undivided share in the Common Elements appurtenant to his Unit.

(3) Mortgages. In the event a Mortgagee endorsement has been issued as to a Unit, the share of that Unit Owner shall be held in trust for the Mortgagee and the Unit Owner, as their interests may appear; provided, however, that no Mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no Mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except those proceeds paid to the Unit Owner and Mortgagee pursuant to the provisions of this Declaration.

E. Distribution of Proceeds. In the event of a destruction or casualty loss to any of the improvements, all insurance proceeds payable under the Association's policies shall be collected by the Association treasurer and paid over to the Insurance Trustee if said proceeds are in excess of \$50,000, to be held by the Insurance Trustee in trust to be used for the immediate repair and reconstruction of the damaged improvements under the supervision and control of the Association Board of Administration. Said funds shall be disbursed upon written draw requests signed by the president or vice president of the Association as reconstruction progresses. In the event the proceeds are not sufficient to pay the cost of reconstruction and the Trustee's costs and reasonable fees, the Association shall supply sufficient additional funds as a part of the common expenses of the Association. The Association's insurance carrier shall not have a right of subrogation against a Unit Owner, but if it is determined that the damage was proximately caused by the

negligence of a Unit Owner, the Unit Owner may be assessed a sum sufficient to reimburse the Association for any deficiency in insurance proceeds and the Association shall have a lien for that amount, plus interest at the maximum rate allowed by law from the date of the assessments, and reasonable attorneys' fees, to the same extent that it has a lien for any unpaid assessments under the Condominium Act. Any surplus of insurance proceeds shall be returned to the Association and added to the common surplus. In the event the proceeds are less than \$50,000 they need not be placed in trust but shall be held by the treasurer and applied directly by the Board of Administration for the above purposes.

In the event of a total or substantial destruction of all of the Condominium improvements, the improvements shall be restored as above provided unless the owners of two-thirds of the voting rights of the units in the Condominium vote to terminate this Condominium. In the event the Condominium is to be terminated, then all Owners of units will immediately convey all their right, title and interest to their respective units to the Insurance Trustee selected by the Board of Administration, to be held by the Trustee in trust. The recording of each conveyance to the Trustee in the public records of Polk County, Florida will have the immediate effect of releasing all liens upon the respective unit and shall cause their instantaneous transfer to that Unit Owner's share of the common surplus to be subsequently distributed by the Trustee as herein provided. The Trustee shall collect all insurance proceeds payable as a result of the destruction, shall collect all assets of the Association which are allocable to the units in this Condominium and which may remain after the Association pays its liabilities, and shall effect a public or private sale of the Condominium property, by whatever means the Association Board of Administration shall deem best, for the highest and best price, for cash or terms, as soon as practicable consistent with local real estate market conditions. After conveyance of title to the purchaser free and clear of all liens and encumbrances and after payment of reasonable Trustee's fees, appraiser's fees, and other costs reasonably incurred, the Trustee shall apportion the remaining funds in his hands among the units in accordance with the respective values of the units immediately prior to the destruction as determined by three experienced real estate appraisers selected by the Board of Administration. The Trustee shall distribute each unit's share of the funds jointly to the record title Owners of each unit and the record owners of any mortgages or other liens encumbering the unit at the time of the recording of its conveyance to the Trustee by the Unit Owner. All mortgages and other liens upon the respective units shall be fully released and discharged as herein provided even though the share of a particular unit in the funds is insufficient to pay all liens in full; in that event the lienholders who had priority against the title to the unit shall have priority of payment of the unit's share of the common surplus. None of these actions shall relieve the Unit Owner of his personal liability for any deficiency which may be caused by any liens to which his unit is subject at the time of his con-

veyance to the Trustee. Mortgagees and other lienholders will evidence their acceptance and consent to the foregoing provisions by the acceptance of their mortgage or perfection of their lien. The provisions of this paragraph may be enforced by injunction, suit for specific performance or by other appropriate remedy upon suit filed by the Association in a court of competent jurisdiction.

24. EXECUTION OF DOCUMENTS REQUIRED BY GOVERNMENT.

The Developer's plan for the development of this Condominium may require from time to time the execution of certain documents required by the City of Lakeland, Polk County, Florida, or some other governmental agency having jurisdiction over this Condominium. To the extent that said documents require the joinder of Unit Owners, the Developer by its duly authorized officers may, as the agent or the attorney-in-fact for the Unit Owners, execute acknowledge and deliver such documents and the Unit Owners, by virtue of their acceptance of deeds to their Units, irrevocably nominate, constitute and appoint the Developer, through its duly authorized officers, as their proper and legal attorneys-in-fact for such purpose. Said appointment is coupled with an interest and is therefore irrevocable.

25. EMINENT DOMAIN OR CONDEMNATION PROCEEDING.

If eminent domain or condemnation proceedings are successfully litigated against all or any part of the Condominium Property, the entire eminent domain or condemnation award is to be secured to the Association in accordance with the ratio of ownership herein provided as it pertains to the Common Elements, and shall be disbursed to Unit Owners and their Mortgagees as their interests appear of record. The Association shall give to each Mortgagee prompt written notice of any such eminent domain or condemnation proceedings.

26. RIGHTS OF INSTITUTIONAL FIRST MORTGAGEES.

Unless otherwise permitted in this Declaration, no amendment to this Declaration shall discriminate against any Unit Owner or against any unit, or class or group of units, unless the institutional first mortgagees holding mortgages on those units shall consent; and no amendment shall change any unit or the share in the common elements, and other of its appurtenances or increase the owner's share of the common expenses, except as otherwise permitted herein, unless such mortgagees shall join in the execution of the amendment. Neither shall an amendment make any change in the insurance requirements imposed in this Declaration or in the rights and obligations arising following a casualty unless all institutional first mortgagees having mortgages in the Condominium join in the execution of the amendment. The institu-

tional first mortgagees who obtain title to a unit through mortgage foreclosure or acceptance of deed in lieu of foreclosure shall not be liable for the share of common expenses assessed to the unit prior to the acquisition of title, unless the share is secured by a claim of lien for assessments recorded prior to the recording of the mortgage. The mortgagee shall pay all common expenses assessed to the unit, however, that shall come due during the period the unit is owned by the mortgagee. As used herein and otherwise in this Declaration, an "institutional first mortgagee" is any bank, savings and loan association, insurance company, real estate or mortgage investment trust, any federal or state agency, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, any pension or profit sharing plan or trust, mortgage company, any of the subsidiaries of affiliates of the lenders described in this paragraph, any similar type of lender generally recognized as an institutional-type lender, the Developer, or any other lender so designated by the Developer or the Association.

27. GENERAL PROVISIONS.

A. If any provision of this Declaration, the Articles, the By-Laws or the Condominium Act, or any section, sentence, clause, phrase or word, or the application thereof, in any circumstances is held invalid, the validity of the remainder of this Declaration, the Articles, the By-Laws, or the Condominium Act, and the application of any such invalid provision, section, sentence, clause, phrase, or word in other circumstances shall not be affected thereby.

B. If the Developer holds Units for sale in the ordinary course of business, none of the following actions may be taken without the Developer's written approval:

(1) Assessment of the Developer as a Unit Owner for capital improvements, and

(2) Any action by the Association that would be detrimental to the Developer's sale of Units.

C. Notices to Unit Owners shall be sent by certified mail or certificate of mailing to their place of residence in the Condominium Building, unless the Unit Owner has, by written notice to the Association, specified a different address. Notices to the Association and the Developer shall be delivered by certified mail to Drummond Properties, 4935 South Fork Drive, Lakeland, Florida 33803. All notices shall be deemed and considered sent when mailed. Any party may change his or its mailing address by written notice to the other party.

D. The failure of the Developer, or the Association, or any Unit Owner to enforce any covenant, restriction or other provision of the Condominium Act, this Declaration, the Articles of Incorporation of the Association, the By-Laws, or the Rules and

Regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter. The Association may levy against any Owner a fine not in excess of \$25.00 per day for each day that such Owner continues to violate any of the requirements of this Declaration after having been notified by the Association of such violation.

E. The remedy for violation provided by the Condominium Act shall be in full force and effect. In addition thereto, should the Association find it necessary to institute legal Regulations, upon a finding by a court in favor of the Association, the defendant Unit Owner shall reimburse the Association for its costs of suit, including reasonable attorney's fees at both trial and appellate level, incurred by it in bringing such action.

F. Whenever the context so requires, the use of any gender shall be deemed to include all genders, the use of the plural shall include the singular and the singular shall include the plural.

G. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the Condominium.

H. Except as provided by statute in case of condemnation or substantial loss to the Units and/or Common Elements, unless at least two-thirds of the Mortgagees (based upon one vote for each first mortgage owned), or Owners (other than the Developer) have given their prior written approval, the Association shall not be entitled to:

(1) By act or omission seek to abandon or terminate the Condominium;

(2) Change the pro rata interest or obligations of any individual Unit for the purpose of (a) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (b) determining the pro rata share of ownership of each Unit in the Common Elements;

(3) Partition or subdivide any Unit;

(4) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Owners shall not be deemed a transfer within the meaning of this clause.);

(5) Use hazard insurance proceeds for losses to any portion of the Condominium for other than the repair, replacement or reconstruction of such portion.

J. So long as the Developer owns one or more Units, the Association shall take no action which, in the Developer's opinion, would adversely affect the Developer's marketing program with respect to Units or other residential dwelling units.

K. Notwithstanding anything herein or any rule or regulation of the Association to the contrary, the Developer as well as any person approved in writing by the Developer shall be irrevocably empowered without any limitation at all times, whether for permanent or temporary occupancy, to sell, lease, rent or transfer Units owned by the Developer or such person, as the case may be, for any period and under any terms to any lessees, purchasers or transferees without the consent of any person including the Association being required. Further, neither the Board nor the Association shall have the right to regulate, in any manner, the sale, lease, rent or transfer of such Units. For example, and not by way of limitation, the Board shall be prohibited from taking any of the following actions:

- (1) Requiring that the proposed form of lease be approved.
- (2) Requiring that a representative of the Association supervise the lessee's move into such Unit.
- (3) Requiring that the proposed lessee be interviewed or otherwise approved by representatives of the Association.
- (4) Requiring that any fees be paid by the lessee or the owner of such Unit in connection with the lease.
- (5) Requiring that the lessee's move into such Unit be limited to certain hours or days.

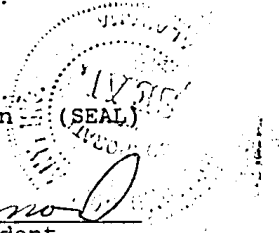
It is the intent of this paragraph that neither the Association nor the Board shall in any way interfere with, hinder or regulate the sale, lease, rent or transfer of such Units. Accordingly, any rule or regulation adopted either by the Board or the Association which is inconsistent with the intent of this paragraph shall be null and void. Should the owner of any such Unit prevail in litigation to enforce its rights as set forth in this paragraph, the losing litigant shall pay all costs and legal expenses incurred by said owner through and including all appellate litigation. The provisions of this paragraph may not be amended without consent of the Developer.

L. The Developer shall have the exclusive right to assign all unassigned parking spaces, and shall be entitled to cancel any such assignment that it made in error so long as the Developer assigns an alternate parking space to the Owner whose assigned parking space was so cancelled. The Association shall not be entitled to revoke or modify any parking assignments made by the Developer.

IN WITNESS WHEREOF, this Declaration of Condominium has been duly executed on this 7th day of August, 1986.

Signed, Sealed and Delivered in the Presence of:

DRUMMOND COMPANY, INC.
an Alabama corporation



Martha Jaynes
Agnes Heron

By: E.A. Drummond
as its President

STATE OF Alabama) ss:
COUNTY OF Walker

The foregoing instrument was acknowledged before me this 7th day of August, 1986 by E.A. Drummond, as President of Drummond Company, Inc., an Alabama corporation, on behalf of the corporation.

Patricia Ann Gamble
Notary Public

My Commission Expires: 4/24/89

(AFFIX NOTARY SEAL)

EXHIBIT A

Legal Description

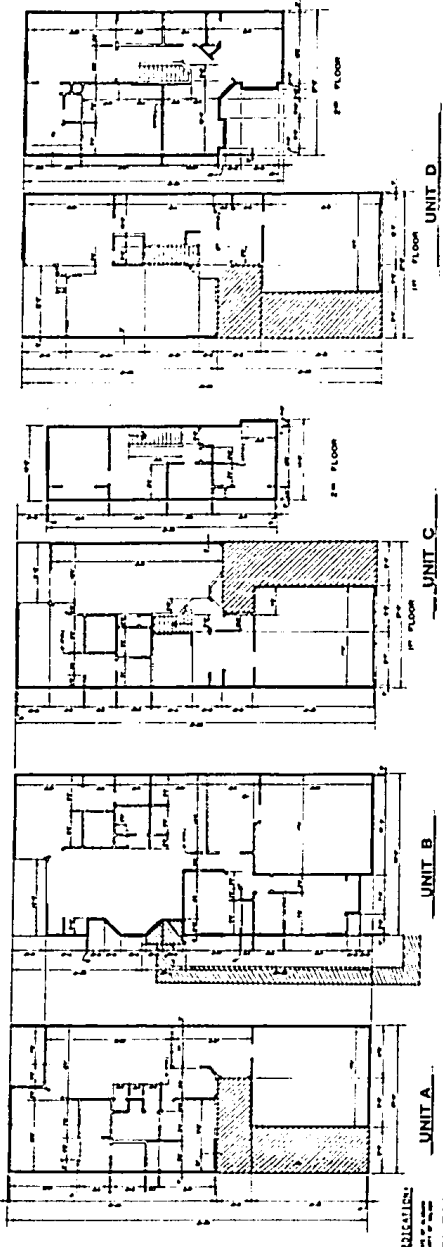
TOWNHOUSE TRACT E, OAKBRIDGE ONE, according to the plat thereof as recorded in Plat Book 81, pages 35 and 36, public records of Polk County, Florida.

AS RECORDED IN CONDOMINIUM BOOK 9, PAGES 1 AND 2, public records of Polk County, Florida.

CONDOMINIUM
BK 2
PGS. 1-2

Stonewater TOWNHOUSE CONDOMINIUMS

A CONDOMINIUM LOCATED IN SECTION 35, TOWNSHIP 35 SOUTH, RANGE 23 EAST,
CITY OF LAKELAND, POLK COUNTY, FLORIDA



INDICATIONS:

UNIT A
UNIT B
UNIT C
UNIT D

SUBMITTER'S CERTIFICATE:

1. I, the undersigned, being duly qualified, have prepared the plans and specifications herein shown, and I certify that they are true and correct copies of the original plans and specifications on file in my office.

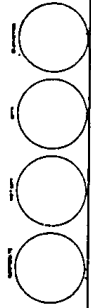
FILED FOR RECORDATION IN THE PUBLIC RECORDS OF POLK COUNTY, FLORIDA, THIS 15th DAY OF APRIL, 2005.

NOTARIAL PUBLIC
STATE OF FLORIDA
My Commission Expires 12/31/05

STATE OF FLORIDA
COUNTY OF POLK

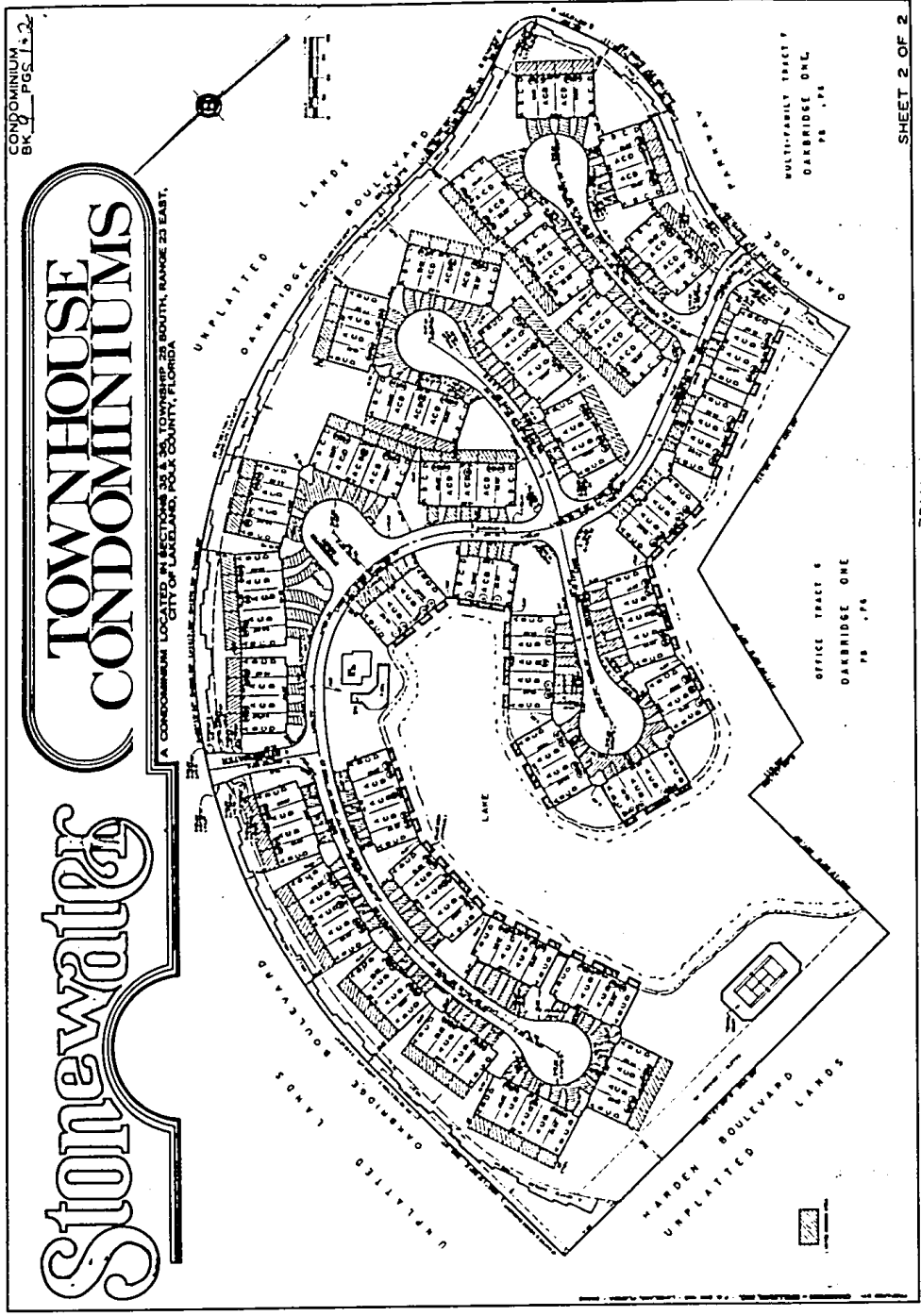
NOTARIAL PUBLIC
STATE OF FLORIDA
My Commission Expires 12/31/05

CONDOMINIUM
BK 2
PGS. 1-2



SHEET 1 OF 2

2446 1335
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EXHIBIT B
Page 2 of 2

ARTICLES OF INCORPORATION

-of-

STONEWATER CONDOMINIUM ASSOCIATION, INC.

A Non-Profit Corporation

The undersigned hereby associate themselves for the purpose of forming a corporation not for profit under and pursuant to Chapter 617, Florida Statutes, and do hereby state as follows:

ARTICLE I

NAME

The name of this corporation shall be STONEWATER CONDOMINIUM ASSOCIATION, INC. ("Association").

ARTICLE II

PURPOSES

The purposes for which this Association is formed are as follows:

A. To form an "Association" as defined in Chapter 718, Florida Statutes, as amended ("Condominium Act"), and, as such, to operate, maintain, repair, improve, reconstruct and administer the condominium property of, and to perform the acts and duties necessary and desirable for the management of the Units and Common Elements in Stonewater, a Condominium (the "Condominium"); and to own, operate, lease, sell and trade property, whether real or personal, including units in the Condominiums, as may be necessary or convenient in the administration of the Condominium.

B. To carry out the duties and obligations and receive the benefits given the Association by the Declaration of Condominium ("Declaration") of each Condominium.

C. To establish by-laws for the operation of the Condominium's property ("By-Laws"), provide for the administration of the Association and rules and regulations for governing the same, and enforce the provisions of the Condominium Act, the Declarations, these Articles of Incorporation and the By-Laws.

D. The Association shall have all of the common law and statutory powers provided under the laws of the State of Florida, and those powers provided by the Condominium Act,

EXHIBIT C

the Declarations, these Articles and the By-Laws of the Association.

ARTICLE III

MEMBERS

A. All unit owners in the Condominiums shall automatically be Members of the Association and their memberships shall automatically terminate when titles to their units are conveyed. If a Member conveys title to his unit under the provisions of the Declaration, the new owner shall automatically acquire membership in the Association. Membership certificates are not required and will not be issued.

B. Each Unit shall have one (1) vote in all elections of the Association. An individual, corporation or other entity owning an interest in more than one Unit may be designated as the voting Member for each Unit in which he or it owns an interest.

C. The share of a Member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his unit. No part of the income of the Association shall be distributed to its Members, directors or officers.

ARTICLE IV

EXISTENCE

This Association shall have perpetual existence. In the event that the Association is dissolved, portions of the Common Elements which consist of the surface water management system shall be dedicated to an appropriate public agency or utility to be devoted to surface water management purposes. In the event that acceptance of such dedication is refused, such portion of the Common Elements shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization, to be devoted to surface water management purposes.

ARTICLE V

SUBSCRIBERS

The names and street addresses of the subscribers to these Articles of Incorporation are as follows:

<u>Name</u>	<u>Address</u>
Charles R. Chastain	4935 South Fork Drive Lakeland, Florida 33803
A. E. Burgess	P. O. Box 1549 Jasper, Alabama 35502
Gene Engle	200 Lake Morton Drive, Suite No. 1 Lakeland, Florida 33803

ARTICLE VI

DIRECTORS

A. The affairs and property of the Association shall be managed and governed by a Board of Administration composed of not less than three (3) persons ("Directors"). The first Board of Administration shall have three (3) members and, in the future, the number shall be determined from time to time in accordance with the Association's By-Laws.

B. The Directors named in Article VII shall serve until the first election of a director or directors as provided in the By-Laws and any vacancies in their number occurring before the first election shall be filled by the remaining Directors. Thereafter, Directors shall be elected by the Members in accordance with the By-Laws at the regular annual meetings of the membership of the Association. Directors shall be elected to serve for a term of one (1) year and, in the event of a vacancy, the remaining Directors may appoint a Director to serve the balance of said unexpired term.

C. All officers shall be elected by the Board of Administration in accordance with the By-Laws at the regular annual meeting of the Board as established by the By-Laws. The Board of Administration shall elect from among the Members a President, Vice President, Secretary, Treasurer and such other officers as it shall deem desirable. The President shall be elected from among the membership of the Board of Administration but no other officer need be a Director.

ARTICLE VII

FIRST BOARD OF ADMINISTRATION

The following persons shall constitute the first Board of Administration and shall serve until the first election of the Board of Administration at the first regular meeting of the membership:

<u>Name</u>	<u>Address</u>
Charles R. Chastain	4935 South Fork Drive Lakeland, Florida 33803
A. E. Burgess	P. O. Box 1549 Jasper, Alabama 35502
Gene Engle	200 Lake Morton Drive, Suite No. 1 Lakeland, Florida 33803

ARTICLE VIIIOFFICERS

Subject to the direction of the Board of Administration, the affairs of the Association shall be administered by officers who shall be elected by and serve at the pleasure of said Board of Administration. The following persons shall constitute the initial officers of the Association and they shall continue to serve as such officers until removed by the Board of Administration:

<u>Name</u>	<u>Office</u>
Charles R. Chastain	President
A. E. Burgess	Treasurer
Gene Engle	Secretary

ARTICLE IXBY-LAWS

A. The By-Laws of this Association shall be adopted by the Board of Administration and attached to the Declaration to be filed among the Public Records of Polk County, Florida. The By-Laws may be amended by the Members in the manner provided in said By-Laws.

B. No amendment to the By-Laws shall be passed which would change the rights and privileges of the developer referred to in the Declaration, and the Exhibits attached thereto, without the Developer's written approval.

C. No amendment to the By-Laws shall be passed which would operate to impair or prejudice the rights or liabilities of any mortgagee.

ARTICLE X
AMENDMENTS

A. Proposals for amendments to these Articles of Incorporation which do not conflict with the Condominium Act or the Declaration may be made by ten percent (10%) of the Members. Such proposals shall be in writing and shall be delivered to the President who shall thereupon call a special meeting of the Members not less than ten (10) days nor more than sixty (60) days following his receipt of the proposed amendment. Should the President fail to call such special meeting, the Members may, in lieu thereof, call a special meeting. Such request shall state the purpose or purposes of the proposed amendment(s). Notice of such special meeting shall be given and posted in the manner provided in the By-Laws. An affirmative vote of a majority of the votes of the Members shall be required for approval of the proposed amendment or amendments.

B. Any Member may waive any or all of the requirements of this Article as to the submission of proposed amendments to these Articles of Incorporation to the President or notice of special meetings to vote thereon, either before, at or after a membership meeting at which a vote is taken to amend these Articles.

C. Notwithstanding anything herein to the contrary, these Articles may be amended only by the Developer of the Condominium during such time as the Developer shall be in control of the Association; provided, further, that the Developer may amend these Articles consistent with the provisions of the Declaration allowing certain amendments to be effected by the Developer alone.

ARTICLE XI
INDEMNIFICATION

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees reasonably incurred by or imposed upon him, in connection with any proceedings or any settlement thereof, to which he may be a party, or in which he may become involved by reason of his being or having been a Director or officer of the Association, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that all settlements must be approved by the Board of Administration as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

ARTICLE XII

ADDRESS

The principal address of the Association shall be 4935 South Fork Drive, Lakeland, Florida 33803, or at such other place as may be subsequently designated by the Board of Administration.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on this ____ day of _____, 1986.

Signed, Sealed and Delivered
in the Presence of:

Charles R. Chastain

May C. Brock

A. E. Burgess
A. E. Burgess

Gene Engle

STATE OF FLORIDA)
 : ss
COUNTY OF POLK)

The foregoing instrument was acknowledged before me this ____ day of _____, 1986, by Charles R. Chastain.

My Commission Expires:

Notary Public

(NOTARY SEAL)

STATE OF Alabama)
COUNTY OF Jefferson) ss

The foregoing instrument was acknowledged before me this 8th
day of August, 1986, by A. E. Burgess.

Mary C. Brock
Notary Public

(NOTARY SEAL)

My Commission Expires:

STATE OF FLORIDA)
COUNTY OF POLK) ss

The foregoing instrument was acknowledged before me this _____
day of _____, 1986, by Gene Engle.

Notary Public

(NOTARY SEAL)

My Commission Expires:

CERTIFICATE DESIGNATING PLACE OF BUSINESS OR DOMICILE FOR THE SERVICE OF PROCESS WITHIN FLORIDA, NAMING AGENT UPON WHOM PROCESS MAY BE SERVED.

Pursuant to Section 48.091, Florida Statutes, the following is submitted:

STONEWATER CONDOMINIUM ASSOCIATION, INC., a non-profit corporation, desiring to organize or qualify under the laws of the State of Florida, where its principal place of business at the City of Coconut Creek, County of Broward, State of Florida has named INTRASTATE REGISTERED AGENT CORPORATION located at 1916 South Central Avenue, Lakeland, Florida 33803, as its agent to accept service of process within Florida.

Date: _____
(Corporate Officer)
Title

Having been named to accept service of process for the above-stated corporation, at the place designated in this certificate, I hereby agree to act in this capacity, and I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties.

Date: _____
INTRASTATE REGISTERED AGENT
CORPORATION
By: _____

78830023aai:236

BY-LAWS

-of-

STONEWATER CONDOMINIUM ASSOCIATION, INC.ARTICLE IGENERAL

Section 1. Name. The name of the corporation shall be STONEWATER CONDOMINIUM ASSOCIATION, INC. ("Association").

Section 2. Principal Office. The principal office of the Association shall be at 4935 South Fork Drive, Lakeland, Florida 33803, or at such location as may be designated by the Association's Board of Administration. All books and records of the Association shall be kept at its principal office.

Section 3. Definitions. As used herein, the term corporation shall be synonymous with "Association" as defined in the Declarations of Condominium ("Declarations") of each condominium managed by the Association ("Condominium"), and the words "Condominium Property", "Unit", "Unit Owner", "Assessment", "Condominium Parcel", "Common Elements", "Condominium" and "Developer" are defined as set forth in the Declarations. "Condominium Act" shall mean and refer to Chapter 718, Florida Statutes, as enacted upon the date of recordation of the Declaration. "Project" shall refer to all of the Condominiums.

ARTICLE IIDIRECTORS

Section 1. Number and Term. The number of directors ("Directors") which shall constitute the Association's Board of Administration shall be not less than three (3). Until succeeded by Directors elected at the first meeting of members ("Members"), Directors need not be Members of the Association, but, thereafter, all Directors, except for those Directors elected by the Developer, shall be Members of the Association. Within the limits above specified, the number of Directors shall be elected to serve for a term of one (1) year or until his successor shall be elected and shall qualify. The first Board of Administration shall have three (3) members. Directors which are appointed by the Developer and thereafter resign may be replaced by the Developer without any meeting or the consent of any person being required.

EXHIBIT D

Section 2. Vacancy and Replacement. If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, though less than a quorum, at a special meeting of Directors duly called for this purpose, shall choose a successor or successors who shall hold office for the unexpired portion of the term of the vacated office. Notwithstanding the foregoing, the Developer is authorized to replace any Director elected by the Developer.

Section 3. Removal. Subject to the provisions of Section 718.301, Florida Statutes, as enacted upon the date of recordation of the Declaration, any member of the Board of Administration may be recalled and removed from office with or without cause by the vote or agreement in writing by a majority of all Unit Owners. A special meeting of the Unit Owners to recall a member or members of the Board of Administration may be called by ten percent (10%) of the Unit Owners giving notice of the meeting as required for a meeting of Unit Owners and the notice shall state the purpose of the meeting. No Director shall continue to serve on the Board if, during his term of office, his membership in the Association shall be terminated for any reason whatsoever. The above provisions shall not be applicable to Directors elected or appointed by the Developer. If any Director fails to pay any Assessment levied by the Board of Administration, whether regular or special Assessment, within thirty (30) days after its due date, he shall automatically be removed as a Director and the remaining Directors shall select a successor to serve the unexpired portion of the term of said removed Director.

Section 4. First Board of Administration. The first Board of Administration named in the Articles of Incorporation shall hold office and exercise all powers of the Board of Administration as provided therein, subject to the following:

A. When Unit Owners other than the Developer own fifteen percent (15%) or more of the Units that will be operated ultimately by the Association, the Unit Owners other than the Developer shall be entitled to elect not less than one-third (1/3) of the members of the Board of Administration. Unit Owners other than the Developer shall be entitled to elect not less than a majority of the members of the Board of Administration of the Association:

(1) three (3) years after sales by the Developer have been closed on fifty percent (50%) of the Units that will be operated ultimately by the Association;

(2) three (3) months after sales have been closed by the Developer on ninety percent (90%) of the Units that will be operated ultimately by the Association;

(3) when all of the Units that will be operated ultimately by the Association have been completed, some of them have been sold and none of the others are being offered for sale by the Developer in the ordinary course of business; or

(4) when some of the Units have been sold and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business;

whichever shall first occur. Notwithstanding the foregoing, the Developer shall be entitled to elect not less than one (1) member of the Board of Administration of the Association as long as the Developer holds for sale in the ordinary course of business at least five percent (5%) of the Units in the Condominium.

B. Within sixty (60) days after the Unit Owners other than the Developer are entitled to elect a member or members of the Board of Administration, the Association shall call, and give not less than thirty (30) days' nor more than forty (40) days' notice of, a meeting of the Unit Owners for this purpose. Such meeting may be called and a notice given by any Unit Owner if the Association fails to do so.

C. Prior to or within a reasonable time after the time that Unit Owners other than the Developer elect the majority of the members of the Board of Administration, such reasonable time not to exceed sixty (60) days, the Developer shall relinquish control of the Association and shall deliver to the Association all property of the Unit Owners of the Association held or controlled by the Developer in accordance with the provisions of the applicable Florida Statutes on transfer of association control Section 718.301(4)1.

Section 5. Powers. The property and business of the Association shall be managed by the Board of Administration, which may exercise all corporate powers not specifically prohibited by statute, the Articles of Incorporation or the Declarations. The powers of the Board of Administration shall specifically include, but not be limited to, the following:

A. To levy and collect regular and special Assessments.

B. To use and expend the Assessments collected to maintain, care for and preserve the Units and Condominium Property, except those portions thereof which are required to be maintained, cared for and preserved by the Unit Owners, including, but not limited to, the maintenance of the roadways, driveways, 50 foot Greenbelt Buffer depicted on the plat of the Condominium and Stormwater Management System located within the Common Elements and Limited Common

Elements, including any fountain within the "Lake" as depicted on the plat of the Condominium.

C. To purchase the necessary equipment required in the maintenance, care and preservation referred to above.

D. To enter into and upon the Units when necessary, with as little inconvenience to the Unit Owners as possible, in connection with said maintenance, care and preservation.

E. To insure and keep insured said Condominium Property in the manner set forth in the Declarations against loss from fire and/or other casualty and the Association and the Unit Owners against public liability, and to purchase such other insurance as the Board of Administration may deem advisable.

F. To collect delinquent Assessments by suit or otherwise, abate nuisances and enjoin or seek damages from the Unit Owners for violations of these By-Laws, the Articles of Incorporation, the Declaration, and the rules and regulations promulgated by the Board of Administration.

G. To employ and compensate such personnel as may be required for the maintenance and preservation of the Condominium Property.

H. To make reasonable rules and regulations for the occupancy of the Units and the use of the Common Elements.

I. To contract for management of the Condominium and to delegate to such other party all powers and duties of the Association except those specifically required by the Declarations to have the specific approval of the Board of Administration or membership.

J. To carry out the obligations of the Association under any easements, restrictions or covenants running with any land submitted to Condominium ownership.

Section 6. Compensation. Neither Directors nor officers shall receive compensation for their services as such.

Section 7. Meetings

A. The first meeting of each Board of Administration newly elected by the Members shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Administration shall be held at the same place as the Members' meeting and immediately after the adjournment of same.

B. Special meetings shall be held whenever called by the president or a majority of the Board. The secretary shall give notice of each special meeting either personally or by mail or telegram, at least three (3) days before the date of such meeting, but the Directors may waive notice of the calling of the meeting.

C. Meetings of the Board of Administration shall be open to all Unit Owners and, except in cases of emergency, notices of such meetings shall be posted conspicuously on the Condominium Property at least forty-eight (48) hours in advance of such meetings.

D. A majority of the Board shall be necessary at all meetings to constitute a quorum for the transaction of business and the act of a majority present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at the meeting, the Directors then present may adjourn the meeting until a quorum shall be present.

Section 8. Order of Business. The order of business at all meetings of the Board shall be as follows:

- A. Roll call.
- B. Reading of minutes of the last meeting.
- C. Consideration of communications.
- D. Resignations and elections.
- E. Reports of officers and employees.
- F. Reports of committees.
- G. Unfinished business.
- H. Original resolutions and new business.
- I. Adjournment.

Section 9. Accounting Records. The Association shall maintain separate accounting records for each Condominium according to generally accepted principles of accounting, consistently applied, which shall be open to inspection by Unit Owners or their authorized representatives at a reasonable time and written summaries of which shall be supplied at least annually to Unit Owners or their authorized representatives. Such records shall include, but are not limited to, a record of all receipts and expenditures and an account for each Unit which shall designate the name and address of the Unit Owner, the amount of each Assessment, the dates and amounts in which the Assessments come due, the amounts paid upon the account and the balance due.

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POLK OFF. REC. PAGE

Notwithstanding anything herein to the contrary, the Association's duties in this regard shall be governed by relevant provisions of the Condominium Act including §718.111(7).

ARTICLE III

OFFICERS

Section 1. Executive Officers. The executive officers of the Association shall be a President, Vice-President, Treasurer and Secretary, all of whom shall be elected annually by the Board of Administration. Any two (2) of said offices may be united in one (1) person, except that the President shall not also be the Secretary or an Assistant Secretary of the Association. If the Board so determines, there may be more than one (1) Vice-President.

Section 2. Subordinate Officers. The Board of Administration may appoint such other officers and agents as it may deem necessary, who shall hold office at the pleasure of the Board of Administration and who shall have such authority and perform such duties as from time to time may be prescribed by said Board.

Section 3. Tenure of Officers; Removal. All officers and agents shall be subject to removal, with or without cause, at any time by action of the Board of Administration, which may delegate such powers to any officer. In the event that any officer fails to pay any Assessment levied by the Board of Administration, whether regular or special Assessment, within thirty (30) days of its due date, said officer shall automatically be removed from office and the Board of Administration shall appoint a successor.

Section 4. The President.

A. The President shall be chairman of, and shall preside at, all meetings of the Members and Directors, shall have general and active management authority over the business of the Association except that which is delegated, shall see that all orders and resolutions of the Board are carried into effect, and shall execute bonds, mortgages and other contracts requiring a seal of the Association. The seal, when affixed, shall be attested by the signature of the Secretary.

B. He shall supervise and direct all other officers of the Association and shall see that their duties are performed properly.

C. He shall submit a report of the operations of the Association for the fiscal year to the Directors (whenever called for by them) and to the Members within sixty (60) days after their annual meeting, and from time to time shall report to the Board all matters within his knowledge which the best interests of the Association may require be brought to its notice.

D. He shall be permitted to appoint committees and to assign a member of the Board of Administration to be an ex-officio member of a committee.

E. He shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation.

Section 5. The Vice-President. The Vice-President shall be vested with all the powers and be required to perform all the duties of the President in his absence, together with such other duties as may be prescribed by the Board of Administration or the President.

Section 6. The Secretary.

A. The Secretary shall keep the minutes of meetings of the Members and of the Board of Administration in one (1) or more books provided for that purpose. The minute book shall be available for inspection by all Members, or their authorized representatives, and by the Board of Administration, which minutes shall be retained for a period of not less than seven (7) years.

B. He shall see that all notices are duly given in accordance with the provisions of these By-Laws or as otherwise required by law.

C. He shall be the custodian of the corporate records and of the seal of the Association and shall see that the seal of the Association is affixed to all documents, the execution of which, on behalf of the Association, under its seal, is duly authorized in accordance with the provisions of these By-Laws.

D. He shall keep a register of the post office address of each Member, which shall be furnished to the Secretary by such Member.

E. In general, he shall perform all duties incident to the office of the Secretary and other duties as from time to time may be assigned to him by the President or by the Board of Administration.

Section 7. The Treasurer.

A. The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Administration.

B. He shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursement, and shall render to the President and Directors, at the regular meeting of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association.

C. He may be required to give the Association a bond in a sum and with one (1) or more sureties satisfactory to the Board for the faithful performance of the duties of his office and the restoration to the Association, in case of his death, resignation or removal from office, of all books, papers, vouchers, money or other property of whatever kind in his possession belonging to the Association. If such bond should be required, the Association shall pay the premium thereon.

Section 8. Vacancies. If the office of the President, Vice-President, Secretary, Treasurer or any other office established by the Board of Administration becomes vacant by reason of death, resignation, disqualification or otherwise, the Directors, by a majority vote of the Board of Administration, may choose a successor or successors who shall hold office for the unexpired portion of the term of the vacated office.

Section 9. Resignations. Any Director or officer may resign his office at any time, in writing, which resignation shall take effect from time of its receipt by the Association, unless some later time be fixed in the resignation, and then from that date. The acceptance of a resignation shall not be required to make it effective.

ARTICLE IV

THE ASSOCIATION.

Section 1. Membership. Each Unit Owner (including a corporate owner) shall be a Member of the Association and membership in the Association shall be limited to Unit Owners.

Section 2. Transfer of Membership and Ownership. Membership in the Association may be transferred only as an incident to the transfer of the transferor's Unit and his undivided interest in the Common Elements of the Condominium. Such transfer shall be subject to the procedures set forth in the Declaration.

Section 3. Powers and Duties. The powers and duties of the Association shall include those set forth in the Articles, the Declarations, the Condominium Act, and these By-Laws and shall include the following:

A. The irrevocable right of access to each Unit at reasonable hours as may be necessary for the maintenance,

repair or replacement of any Common Elements or Limited Common Elements therein or accessible therefrom or another Unit to prevent damage to the Common Elements, Limited Common Elements, or to another Unit.

B. The irrevocable right of access to each Unit at any hour for the purpose of making emergency repairs necessary to prevent additional damage to the Common Elements, Limited Common Elements, or to another Unit.

C. The power to levy and collect Assessments and to lease, maintain, repair and replace the Common Elements.

D. The keeping of accounting records in accordance with good accounting practices and the Condominium Act which records shall be open to inspection by Unit Owners or their authorized representatives at reasonable times and written summaries of which shall be supplied at least annually to Unit Owners or their authorized representatives.

E. The power to enter into contracts with others for the maintenance, management, operation, repair and servicing of the Condominium Property. The service and maintenance contracts referred to herein may delegate the Association's duty to maintain and preserve the landscaping, gardening, painting, repairing and replacement of the Common Elements, but shall not relieve each Unit Owner from his personal responsibility to maintain and preserve the interior surfaces of his Unit and to paint, clean, decorate, maintain and repair said Unit. Each Unit Owner, his heirs, personal representatives, successors and assigns shall be bound by any management contract, if any is executed, to the same extent and effect as if he had executed such contract for the purposes herein expressed including, but not limited to, adopting, ratifying, confirming and consenting to the execution of same by the Association, covenanting and promising to perform each and every of the covenants, promises and undertakings to be performed by Unit Owners as required under said contract, acknowledging that all of the terms and conditions thereof, including the manager's fee, are reasonable and agreeing that the persons acting as directors and officers of the Association entering into such a contract have not breached any of their duties or obligations to the Association by virtue of the execution of said contract. The management contract, if any, and the acts of the Board of Administration and Officers of the Association in entering into such agreement, are hereby ratified, confirmed, approved and adopted.

F. The power to adopt reasonable rules and regulations for the maintenance and conservation of the Condominium Property, and for the health, comfort, safety and welfare of the Unit Owners, all of whom shall be subject to such rules and regulations.

G. The power to purchase units in the Condominiums and to acquire, hold, lease, mortgage and convey the same.

ARTICLE V

MEETINGS OF MEMBERSHIP

Section 1. Place. All meetings of the Association membership shall be held at such place as may be stated in the notice of the meeting.

Section 2. Annual Meeting.

A. The first annual meeting of Members shall be held during the last two weeks of the month which is not less than eleven (11) months nor more than twelve (12) months after recordation of the Declaration.

B. Regular annual meetings subsequent to the first meeting shall be held during the month of March.

C. At the annual meetings, subject to the provisions of Article II, Section 4, of these By-Laws, the Members, by a majority vote (cumulative voting prohibited) shall elect a Board of Administration and transact such other business as may properly come before the meeting.

D. Written notice of the annual meeting shall be personally served upon or mailed to each Member entitled to vote at such address as appears on the books of the Association, at least fourteen (14) days prior to the meeting. The post office certificate of mailing shall be proof of such mailing. A notice of such meeting shall be posted at a conspicuous place on the Condominium Property at least fourteen (14) days prior to the meeting.

Section 3. Membership List. At least fourteen (14) days before every election of Directors, a complete list of Members entitled to vote at said election, arranged numerically by Units, with the residence of each Member, shall be prepared by the Secretary. Such list shall be produced and kept for said fourteen (14) days and throughout the election at the office of the Association and shall be open to examination by any Member throughout such time.

Section 4. Special Meetings.

A. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the President, and shall be called by the President or Secretary at the request, in writing, of ten percent (10%) of the Members. Should the President fail to call such a special meeting, such Members may, in lieu thereof, call such meeting. Such request shall state the purpose or purposes of the proposed meeting.

B. Written notice of a special meeting of Members stating the time, place and object thereof shall be served upon or mailed to each Member entitled to vote thereon at such address as appears on the books of the Association at least five (5) days before such meeting. A notice of such meeting shall be posted at a conspicuous place on the Condominium Property at least five (5) days prior to the meeting.

C. Business transacted at all special meetings shall be confined to the objects stated in the notice thereof.

D. Notwithstanding the above, in the event emergency repairs are required to the Common Elements, as determined by the Board of Administration, the Board may assess up to a maximum of One Hundred and No/100 Dollars (\$100.00) per unit per year without the necessity of a meeting to approve said expenditures.

Section 5. Quorum. Members owning a majority of the total Units, present in person or represented by written proxy, shall be requisite to and shall constitute a quorum at all meetings of the Members for the transaction of business, except as otherwise provided by statute, the Articles of Incorporation or these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote thereat shall adjourn the meeting and notify the Members in accordance with these By-Laws of the adjourned meeting. At any such subsequent and duly noticed meeting, a quorum shall consist of Members owning one-third (1/3) of the total Units present in person or by proxy.

Section 6. Vote Required to Transact Business. When a quorum is present at any meeting, a majority of the votes cast, in person or represented by written proxy, shall decide any question properly brought before the meeting, unless the question is one which, by express provision of the Florida Statutes, the Declaration, the Articles of Incorporation or these By-Laws, requires a different vote, in which case such express provision shall govern and control the decision of such question.

Section 7. Right to Vote.

A. The Owner or Owners of a Unit shall be entitled to one (1) vote for each Unit owned.

B. If a Unit is owned by more than one (1) individual or by a corporation or other entity, said Owners, corporation or other entity shall file a certificate with the Secretary naming the person authorized to cast said Unit vote. If the same is not on file prior to any meeting of the Members, annual or special, a vote of such Unit shall not be considered, nor shall the presence of said Owners at a meeting be considered in determining whether the quorum requirement has been met.

C. All proxies must be in writing, signed by the voting Member granting the proxy and filed with the Secretary prior to the meeting, annual or special, for which said proxy is granted. The proxy shall be valid only for such meeting or meetings subsequently held pursuant to an adjournment of that meeting.

Section 8. Waiver and Consent. Whenever the vote of Members at a meeting is required or permitted by any provision of the Florida Statutes, the Declaration, the Articles of Incorporation or these By-Laws in connection with any action of the Association, the meeting and vote of Members may be dispensed with if all Members who would have been entitled to vote upon the action of such meeting if such meeting were held shall consent in writing to such action being taken.

Section 9. Order of Business. The order of business at annual Members' meetings and, as far as practical, at other Members' meetings will be:

- A. Election of Chairman.
- B. Roll call.
- C. Proof of notice of meeting or waiver of notice.
- D. Reading of minutes of prior meeting.
- E. Officers' reports.
- F. Committee reports.
- G. Elections.
- H. Unfinished business.
- I. New business.
- J. Adjournment.

ARTICLE VI

NOTICES

Section 1. Definition. Whenever, under the provisions of the Florida Statutes, the Declaration, the Articles of Incorporation or these By-Laws, notice is required to be given to any Director, officer or Member, it shall not be construed to mean only personal notice, but such notice may be given in writing by mail by depositing the same in a post office or letter box in a postpaid, sealed envelope, addressed as appears on the books of the Association. Any such notice and any notice of any meeting of the Members, annual or special, need not be sent by certified mail, except as otherwise provided by statute, the Articles of Incorporation, these By-Laws or the Declaration.

Section 2. Service of Notice - Waiver. Whenever any notice is required to be given under the provisions of the Florida Statutes, the Declaration, the Articles of Incorporation or these By-Laws, a waiver thereof, in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

Section 3. Address. The address for notice to the Association is 4935 South Fork Drive, Lakeland, Florida 33803 or such other address as may be designated by the Board of Administration.

ARTICLE VII

FINANCES

Section 1. Fiscal Year. The fiscal year shall commence on January 1 and end on December 31.

Section 2. Checks. All checks or demands for money and notes of the Association shall be signed by any one (1) of the following officers: President, Vice-President, Secretary or Treasurer, or by such officer or officers or such other person or persons as the Board of Administration may from time to time designate. The Board of Administration, by resolution, may require more than one (1) signature.

Section 3. Determination of Assessments.

A. (1) The Board of Administration shall fix Assessments adequate to meet the common expenses of the Condominium. Common expenses shall include expenses for the operation, maintenance, repair or replacement of the Common Elements and the limited Common Elements, costs of carrying

out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including fire insurance, and any other expenses designated as common expenses by the Declaration or from time to time by the Board of Administration.

(2) Funds for the payment of common expenses shall be assessed against Unit Owners in the proportions or percentages and in the manner provided in the Declaration and said Assessments shall be payable as provided in the Declaration.

(3) The Board of Administration is specifically empowered, on behalf of the Association, to make and collect Assessments and to maintain, repair and replace the Common Elements of the Condominium.

(4) Special Assessments, which may be required by the Board of Administration, shall be levied and paid in the same manner as provided for regular Assessments.

B. When the Board of Administration has determined the amount of any Assessment, excluding the monthly assessment, the Secretary or Treasurer shall mail or present a statement of the Assessment to each of the Unit Owners. All Assessments shall be payable to the Association and, upon request, the Secretary or Treasurer shall give a receipt for each payment made.

Section 4. Annual Budget.

A. A copy of the Association's proposed annual budget of common expenses shall be mailed to each Unit Owner not less than thirty (30) days prior to the meeting of the Board of Administration at which the budget will be considered together with a notice of that meeting. Such meeting of the Board of Administration shall be open to all Unit Owners.

B. The Board of Administration may approve annual budgets so long as the amount does not exceed one hundred fifteen percent (115%) of the Assessment for the preceding year.

C. If the Board of Administration adopts a budget which requires Assessments against Unit Owners for the proposed fiscal year exceeding one hundred fifteen percent (115%) of such Assessments for the preceding year, all as determined in accordance with Section 718.112(2)(f), Florida Statutes, as enacted upon the date of recordation of the Declaration, the Board of Administration, upon written application of ten percent (10%) of the Unit Owners to the Board of Administration, shall call a special meeting of the Unit Owners within thirty (30) days, upon not less than ten (10) days' written notice to each Unit Owner. At the special meeting, Unit Owners shall consider and enact a budget.

Unless these By-Laws require a larger vote, the adoption of the budget shall require a vote of not less than a majority vote of all Unit Owners. The Board of Administration may propose a budget to the Unit Owners at a meeting of Members or in writing, and if the budget or proposed budget is approved by the Unit Owners at the meeting or by a majority of all Unit Owners in writing, the budget shall be adopted. In determining whether Assessments exceed one hundred fifteen percent (115%) of similar Assessments in prior years, any authorized provisions for reasonable reserves for repair or replacement of the Condominium Property, anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis, or Assessments for betterments to the Condominium Property shall be excluded from the computation. However, as long as the Developer is in control of the Board of Administration, the Board of Administration shall not impose an Assessment for any year greater than one hundred fifteen percent (115%) of the prior fiscal or calendar year's Assessment without approval of a majority of all Unit Owners.

Section 5. Reserve Fund. The Board of Administration shall have the right to assess Unit Owners to establish a reserve fund for the future replacement of or additions to the Common Elements and such reserve fund shall be held in trust by the Board or its designated nominee to be used solely for the purpose for which it was established.

Section 6. Payment of Assessments. All Assessments shall be paid timely to the Association. Assessments shall be made against Unit Owners not less frequently than quarterly in advance, not less than are required to provide funds in advance for payment of all of the anticipated current operating expenses and for all the unpaid operating expenses previously incurred.

Section 7. Limitation on Expenditures. Notwithstanding anything else in these By-Laws, the Articles of Incorporation or the Declaration which authorizes expenditures, after the first election of Directors, the majority of which are comprised of Unit Owners other than Developer, no expenditure for the improvement of the Common Elements exceeding Five Thousand and No/100 Dollars (\$5,000.00) per annum shall be made without the approval of Members owning a majority of the Units except for the repair of the Condominium Property due to casualty loss.

Section 8. Application of Payments and Commingling of Funds. All sums collected by the Association from Assessments may be commingled in a single fund or divided into more than one (1) fund as determined by the Board of Administration. All Assessments shall be applied as provided herein and in the Declaration.

Section 9. Fidelity Bonds for Officers. The Treasurer and all officers who are authorized to sign checks, and all officers and employees of the Association, and any contractor handling or responsible for Association funds shall be bonded in an amount equal to one hundred fifty percent (150%) of the monies an individual handles or in which he has control via a signatory or a bank account or other depository account, but in no event shall the amount of such bond be less than Ten Thousand and No/100 Dollars (\$10,000.00).

ARTICLE VIII

DEFAULT

Section 1. Delinquent Payment. In the event a Unit Owner does not pay any sum, charge or Assessment required to be paid to the Association within ten (10) days from the due date, the Association, acting through its Board of Administration, may enforce its lien for Assessments or take such other action to recover the sum, charge or Assessment to which it is entitled in accordance with the Declaration and the laws of the State of Florida.

Section 2. Foreclosure. If the Association becomes the owner of a Unit by reason of foreclosure, it shall offer said Unit for sale and, at such time as a sale is consummated, it shall deduct from the proceeds of said sale all sums of money due it for Assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorneys' fees, and any and all expenses incurred in the resale of the Unit which shall include, but not be limited to, advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the Unit. All monies remaining after deducting the foregoing items of expenses shall be returned to the former Owner of the Unit.

Section 3. Violation. In the event of a violation of the provisions of the Declaration, the Articles of Incorporation or By-Laws, which violation is not corrected within ten (10) days after notice from the Association to the Unit Owner to correct said violation, the Association may take such action as it may deem appropriate, including the institution of legal action, to correct the violation. Nothing contained in this Article shall be construed to require that the Association furnish notice to any Unit Owner of his failure to pay any Assessment, sum or other charge due to the Association. In the event such legal action is brought against a Unit Owner and results in a judgment for the plaintiff, the defendant shall pay the plaintiff's reasonable attorneys' fees and court costs.

Section 4. Consent. Each Unit Owner, for himself, his heirs, successors and assigns, agrees to the foregoing provisions regardless of the harshness of the remedy available to the

Association and regardless of the availability of any other equally adequate procedures. It is the intent of all Unit Owners to give to the Association such powers and authority which will enable it to operate on a business-like basis, to collect those monies due and owing to it from Unit Owners, and to preserve each Unit Owner's right to enjoy his Unit free from unreasonable restraint and nuisance.

ARTICLE IX

JOINT OWNERSHIP

Membership may be held in the name of more than one (1) person, corporation or other entity. In the event ownership is in more than one (1) person, corporation or other entity, all of the joint owners shall be entitled collectively to only one (1) vote in the management of the affairs of the Association and said vote may not be divided between multiple owners. (See Article V, Section 7B, of these By-Laws.)

ARTICLE X

AMENDMENT

These By-Laws may be amended by affirmative vote of a majority of the Members and of the Board of Administration.

Section 1. Rights of Mortgagee. No amendment to these By-Laws shall be passed which would operate to impair or prejudice the rights or liabilities of any mortgagee.

Section 2. Procedure. By-Laws shall neither be revised nor amended by reference to its title or number only. Proposals to amend existing By-Laws shall contain the full text of the By-Laws to be amended; new words shall be inserted in the text underlined and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of By-Law. See By-Law _____ for present text". Nonmaterial errors or omissions in the By-Law process shall not invalidate an otherwise properly promulgated amendment.

Section 3. Rights of Developer. No amendment shall, in any manner, change the rights and privileges of the Developer referred to in the Declaration and the Exhibits attached thereto without the Developer's written approval. Notwithstanding anything herein to the contrary, these By-Laws may be amended by the Developer during such time as the Developer shall be in control of the Association; provided, further, that the Developer may

amend these By-Laws consistent with the provisions of the Declaration allowing certain amendments to be effected by the Developer alone.

ARTICLE XI

FNMA REQUIREMENTS

In accordance with the Federal National Mortgage Association Condensed Legal Guidelines for Condominium Projects, Southeastern Region, the Association will additionally have the following duties:

Section 1. Documents and Records. The Association shall be required to make available to unit owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the declaration of condominium, bylaws, other rules concerning the condominium project and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Section 2. Lenders' Notices. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the unit number or address, any holder of a first mortgage on a unit or insurer or governmental guarantor of a first mortgage on a unit will be entitled to timely written notice of:

(a) Any condemnation, loss or other casualty loss which affects a material portion of the condominium or any unit on which there is a first mortgage held, insured or guaranteed by any such first mortgage holder or first mortgage insurer or guarantor, as applicable.

(b) Any delinquency in the payment of assessments or charges owed by an owner of a unit subject to a first mortgage held, insured or guaranteed by such first mortgage holder or first mortgage insurer or guarantor, which remains uncured for a period of sixty days.

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

(d) Any proposed action which would require the consent of a specified percentage of mortgage holders.

Section 3. Financial Statements. Any holder of a first mortgage shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year.

ARTICLE XII
CONSTRUCTION

Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to include the masculine, feminine or neuter, singular or plural, wherever the context so requires.

Should any of the provisions of these By-Laws be void or be or become unenforceable at law or in equity, the remaining provisions of this instrument shall nevertheless be and remain in full force and effect.

The foregoing were adopted as the By-Laws of STONWATER CONDOMINIUM ASSOCIATION, INC. at the first meeting of its Board of Administration.

APPROVED:

SECRETARY

PRESIDENT

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FILED, RECORDED AND
RECORD VERIFIED
E.D. 'Bud' DIXON, Clk. Cr. Ct.
POLK COUNTY, FLA.
BY *dfm* D.G.