

RESIDENTS / Return to
NANCY A. DAVITO
COX & DAVITO
P.O. Box 490087
Leesburg, FL 34749-0087

O.R. BOOK 1584 PAGE 0839

REC 13.00
TF 2.00

98 10900 **SECOND SUPPLEMENT TO THE
AMENDED DECLARATION OF COVENANTS AND RESTRICTIONS FOR
PENNBROOKE VERIFYING PENNBROOKE AS A PLANNED ADULT COMMUNITY**

This Second Supplement to the Amended Declaration of Covenants and Restrictions for Pennbrooke Verifying Pennbrooke as a Planned Adult Community (hereinafter the "Second Supplemental Declaration") is made this 13th day of January, 1998 by majority vote of the PENNBROOKE HOMEOWNERS' ASSOCIATION, INC., (hereinafter the "Association") and by LEISURE COMMUNITIES, LTD., a California limited partnership (hereinafter the "Developer") as successor in interest to PENNBROOKE EQUITY, INC., as successor in interest to the original developer PENNBROOKE, LTD., and supplements the Amended Declaration of Covenants and Restrictions for Pennbrooke, recorded in the public records of Lake County, Florida in Official Records Book 0929 at Page 0085, and the Supplement to the Amended Declaration of Covenants and Restrictions for Pennbrooke Submitting Phase 1G to the Declaration, recorded in the public records of Lake County, Florida in Official Records Book 1327 at Page 0202 (hereinafter together the "Declaration").

WHEREAS, the Declaration governs the Pennbrooke development (hereinafter the "Development"); and

WHEREAS, the Declaration provides that the Developer desires to create a planned adult (18 years or older) community;

NOW THEREFORE, the Developer, as the fee simple owner of the real property described below, and the Association by majority vote at its annual meeting on this date, to further the intent of the Declaration of creating a planned adult (18) years or older community, hereby further impose the following additional covenants, conditions and restrictions on the Development:

1. **ADULT RESIDENCY REQUIREMENTS.**

A. Each residence shall be occupied by only one family, its servants, if any, and guests, as a residence and for no other purpose. Two or more unrelated adults who are also joint owners or joint lessees of a residence shall be considered a family under these use restrictions. The Development is designed, operated and maintained for the use and benefit, and to meet the social and physical needs, of persons 55 years of age or older. As such, every person who lives in any residence should, with certain exceptions described below, be an adult. For purposes of this restriction, an "adult" is a person 55 years of age or older, or a person over 40 years of age sharing residence with another occupant 55 years of age or older.

B. Notwithstanding the above restriction and express policy, the Association shall have the right to accept as an occupant of a lot a person who is not an

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"adult", as hereinabove defined, provided that such person is at least 18 years of age and further provided that at least 80% of the occupied homes in the Development comprising all the then platted sections of the Development, including the new occupant to be accepted, are occupied by at least one person 55 years of age or older. The Association shall have the right to require references and shall consider such factors as the age of the prospective occupant, and the apparent compatibility of said occupant and his interest with the interests of persons of age 55 and older, and shall have the power to forbid anyone not an adult hereunder and who has not been accepted hereunder from occupying a residence in the Development.

C. Guests and bona fide temporary visitors under eighteen (18) years of age are permitted provided the owner or lessee of the residence, or one of them, is also occupying the residence during such visit.

D. The Association shall administer the provisions relating to the age restrictions, above. Any and all purchasers and lessees in the Development shall, by virtue of these deed restrictions and the acceptance of their title or leasehold, be deemed to have agreed to advise any and all of their prospective grantees or tenants of the age requirements set for herein and, further, to have agreed to provide, and consequently they shall provide, age information about any and all proposed grantees or tenants along with information disclosing the age of any one who might be expected to take up residence at the Development pursuant to such grant or lease. All grantees and lessees at the Development agree for themselves, their grantees, lessees, heir and assigns that they will make no such grant or lease unless and until approval has been given by said Association. The Association shall not arbitrarily withhold approval but it shall withhold approval as necessary to maintain the status of the Development as an adult community under State and Federal law; and all present and future owners of any interest in the Development as it exists from time to time, including the Developer for himself and on behalf of any assigns, agree to abide by the decisions of the Association.

IN WITNESS WHEREOF, the Developer and the Association have caused these presents to be signed and its seal affixed hereto this ~~13th~~ ⁴ day of ~~January~~ ^{February}, 1998.

Signed Sealed, and Delivered
in the Presence of:

Leisure Communities, Ltd.
a California limited partnership
By: Haas & Associates, Inc.,
a Florida Corporation and
its General Partner

Jackie Locklear

Print Name: Jackie Locklear

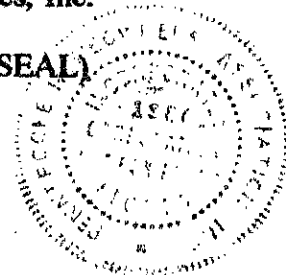
Thelma L. Landry

Print Name: Thelma L. Landry

Frank H. Haas

Frank H. Haas, as President of
Haas & Associates, Inc.

(CORPORATE SEAL)



State of Florida
County of Lake

The foregoing instrument was acknowledged before me this ^{February} 4 day of ~~January~~, 1998 by Frank H. Haas, as the President of Haas & Associates, Inc., a Florida Corporation, on behalf of the corporation as the general partner of Leisure Communities, Ltd., a California limited partnership on behalf of the partnership, who is personally known to me or produced Florida drivers license no. _____ as identification.



Thelma L. Landry
Signature of Notary Public *Thelma L. Landry*

Prepared By:

Frank H. Haas, President
Haas & Associates, Inc., G.P.
Leisure Communities, Ltd.
501 S.R. 44
Leesburg, FL 34748

AMENDED DECLARATION OF COVENANTS AND RESTRICTIONS

FOR

PENNBROOKE

Rec 149.00
T.F. 19.00

THIS AMENDED DECLARATION OF COVENANTS AND RESTRICTIONS between PENNBROOKE, LTD., hereinafter called the "DEVELOPER" and by Pennbrooke Homeowners' Association, Inc., a Florida corporation not-for-profit, hereinafter called the "ASSOCIATION", is being recorded for the purpose of amending the "Declaration of Covenants and Restrictions For Pennbrooke" recorded November 17, 1986 in Lake County Public Records at Official Records Book 897, Page 1883 through 1915. The Amendment is to add the Attachments pertaining to the legal description of the real property and Rules and Regulations of Pennbrooke.

RECORDED AND RETURNED TO
OWNER
DORIS L. COOK
AND FAMILY, INC.

JUL 30 4 24 PM '87

THIS DOCUMENT DELIVERED BY
BENJAMIN J. COX
131 WEST MAIN STREET
TAVARES, FLORIDA 32778

AMENDED DECLARATION OF COVENANTS AND RESTRICTIONS

FOR

PENNBROOKE

THIS DECLARATION OF COVENANTS AND RESTRICTIONS is made this 22 day of July, 1987 by Pennbrooke, Ltd., hereinafter called the "DEVELOPER" and by PENNBROOKE HOMEOWNERS' ASSOCIATION, INC., a Florida corporation not-for-profit, hereinafter called the "ASSOCIATION."

W I T N E S S E T H:

WHEREAS, Developer is the owner of the real property described in Exhibit "A" to this Declaration; and the Developer desires to create thereon a planned adult (18 years or older) community of home lots with permanent open spaces, recreational improvements, and traffic and parking areas for the benefit of the community; and,

WHEREAS, Developer desires to provide for the preservation and enhancement of the property values, amenities and opportunities in said community and for the maintenance of the properties and improvements thereon, and to this end desires to subject the real property described in Exhibit "A" to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and,

WHEREAS, Developer has deemed it desirable, for the efficient preservation of the values and amenities in said community, to create an association to which should be delegated and assigned the powers of owning, maintaining and administering the community properties and facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, convenience, safety and welfare of the residents; and,

WHEREAS, Developer has incorporated under the laws of the State of Florida, PENNBROOKE HOMEOWNER'S ASSOCIATION, INC., as a non-profit corporation for the purpose of exercising the functions aforesaid.

NOW, THEREFORE, the Developer hereby declares that the real property described in Exhibit "A" is and shall be held, transferred, sold, conveyed and occupied subject to the terms, conditions, covenants, provisions, restrictions, easements, servitudes, and liens (sometimes referred to as "covenants and restrictions") hereinafter set forth, which shall be binding on all persons, their heirs, successors and assigns having any right, title or interest in or to the real property, and shall inure to the benefit of each owner.

ARTICLE IDEFINITIONS

1. "Articles" shall mean the Articles of Incorporation of the Association.
2. "Association" shall mean and refer to PENNBROOKE HOMEOWNER'S ASSOCIATION, INC., its successors and assigns.
3. "Association Expenses" shall mean the expenses payable by owners to the Association as shall be set forth in this Declaration.
4. "Association Property" shall mean all real and personal property transferred to the Association for the benefit of all members.
5. "Board" shall mean the Board of Directors of the Association.
6. "Common Area" shall mean those areas of real property shown on the subdivision plat of PENNBROOKE, together with all improvements thereto, which are devoted to the common use and enjoyment of the members of the Association. "Common Area" shall also include real property or any interest therein that is separately conveyed to the Association for use by the members, including but not limited to golf course and other recreational lands and improvements thereon. The term "Common Area" may sometimes be used interchangeably with the term "Association Property."
7. "Declaration" shall mean the covenants, conditions, restrictions, easements, and all other terms set forth in this document; and as may be amended from time to time.
8. "Developer" shall mean and refer to PENNBROOKE, LTD., its successors and assigns.
9. "General Plan of Development" shall mean the subdivision plats of PENNBROOKE, which shall hereinafter be referred to as PENNBROOKE, as approved by the appropriate governmental agencies, and which shall represent the development plan and general uses of the real property.
10. "Institutional Mortgagee" shall mean any lending institution holding a construction mortgage lien on any portion of the general plan of development or having a first lien on a home lot or parcel, including any of the following institutions: an insurance company or subsidiary thereof, a federal or state savings and loan association, a federal or state building and loan association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, a federal or state banking association, a real estate investment trust, or any mortgage banking company authorized to do business in the State of Florida.
11. "Lot or Parcel" shall mean a portion or real property

separately described on a plat of the subdivision or development known as Pennbrooke.

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12. "Occupant" shall mean the occupant of a home who shall be the owner, the lessee, or their respective guest.

13. "Owner" shall mean the fee simple title holder of any home lot or parcel, whether one or more persons or entities.

14. "Property" shall mean all of the real and personal property subject to this Declaration. The real property is described in Exhibit "A".

15. "Rules and Regulations" shall mean the rules, regulations, and policies which are attached to and incorporated into this Declaration, as Exhibit "B" and as may be adopted by the Board from time to time by resolution duly made and carried.

16. "Transfer Date" shall mean the date that the Developer relinquishes the right to appoint a majority of the directors to the Board of Directors of the Association and conveys legal title to the common area to the Association. The transfer date shall occur 120 days after the Developer has closed the sales of 90% of the total home lots contemplated by the general plan of development of PENNBROOKE, or after the Developer elects to relinquish its control of the Association, whichever shall first occur.

17. "Pennbrooke" shall mean the property platted as PENNBROOKE, and recorded in the Public Records of Lake County, Florida.

18. The use of gender is deemed to include all genders; the use of the singular includes the plural and the use of the plural includes the use of the singular.

ARTICLE II

GENERAL PLAN OF DEVELOPMENT

1. Developer intends to develop not more than 2,100 lots or parcels for the placement of residential homes and not more than 200 spaces for recreational vehicles.

2. If sales response warrants the development, it is the intention of the Developer to develop the home lots or parcels in approximately eight phases. The Developer further reserves the right to elect to develop future phases under a different entity and using a separate homeowners association and future phases easement rights across the roads and common areas of the developed property. All phases may not be completed in their entirety, but the Developer will complete any portion of the subdivision for which a building permit is obtained.

3. The Development will consist of recreational properties and improvements, including a golf course. The golf course and improvements related thereto will be constructed within twenty-four

(24) months from the date of the sale of the first lot or parcel. At the time of transfer of control of the Association, the Developer also agrees to convey title of the golf course properties to the Association. Each owner shall be entitled to use the golf course and other recreational improvements as an appurtenances to membership in the Association subject however to such reasonable rules and restrictions and assessments that may from time to time be imposed. The golf course and recreational improvements shall be kept and maintained by the Association.

4. Those portions of the common areas shown as roadways on the site plan shall be kept and maintained by the Association as private roadways for ingress to and egress from lots, other areas of PENNEROKE, and the privately and publicly dedicated roadways of PENNEROKE. The Association shall have the authority to establish and enforce reasonable speed limits on said roadways.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

1. The owner of the fee simple title of record of each lot or parcel shall be a mandatory member of the Association.

2. Each lot or parcel owner shall become a member of the Association upon acceptance of the Warranty Deed to a lot or parcel. As a member of the Association, the owner shall be governed by the Articles of Incorporation and the Bylaws of the Association; and shall be entitled to one (1) vote for each lot or parcel owned. Provided, however, the Developer shall retain the right to appoint a majority of the directors to the Board of Directors of the Association until the Transfer Date.

ARTICLE IV

USE OF PROPERTY

1. The lots shall be used solely as single family home residences. Nothing herein shall be deemed to prevent an owner from leasing a lot and home to a single family, subject to all of the terms, conditions and covenants contained in this Declaration.

2. No owner shall permit any nuisance to exist upon his property so as to be detrimental to any other property or to its owners.

3. No lot or parcel shall be further subdivided or separated by any owner; and no portion less than all of any such lot shall be conveyed or transferred by an owner; provided, however, that this shall not prevent corrective deeds, deeds to resolve boundary disputes, and other similar corrective instruments.

4. No lot or home located on it shall be used in any trade, business, professional or commercial capacity, except that the lot and home may be leased as a single family residence. Nothing contained

herein shall prohibit the Developer from carrying on any and all types of construction activity necessary to accomplish the general plan of development, including the construction and operation of a sales model and office by the Developer until all of the lots in PENNEROOKE have been sold.

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5. Unlike many Florida communities, PENNEROOKE welcomes pets. A pet shall be defined as any household dog, cat, bird, or other animal. All appropriate pets must be on a short leash when outside of the owners home. Pets are not allowed in the recreation areas of the community. Each pet owner shall be required to clean up behind their pets at all times so the yard maintenance in private and common areas is not a problem. Pets must be in the control of their owners at all times so as not to disturb other owners.

6. Unless permitted in accordance with the procedures described in the Rules and Regulations of PENNEROOKE, no motorcycles, trucks, trailers, boats, vans, campers, motorhomes, buses, commercial or other similar vehicles, shall be permitted within the confines of PENNEROOKE. Trucks delivering goods or furnishing services may be allowed upon such portions of PENNEROOKE as determined by the Board in its sole discretion. In the event that there is a dispute concerning the type of vehicle, then the State of Florida vehicle registration shall control. The Association shall have the right to authorize the towing away of any vehicles in violation of this rule with the costs to be borne by the vehicle owner or violator.

7. The lot or parcel owners shall abide by each and every rule and regulation promulgated from time to time by the Board. The initial Rules and Regulations of the Association are attached hereto, made a part hereof and marked Exhibit "B". The Board shall give an owner in violation of the rules and regulations written notice of the violation by U.S. Mail and fifteen (15) days in which to cure the violation.

8. Should the Association be required to seek enforcement of any provision of the Declaration or the Rules and Regulations for PENNEROOKE, then and in that event, the offending lot or parcel owner (for owner or owner's family, guests, invitees, or lessees) shall be liable to the Association for all costs incurred in the enforcement action, including reasonable attorney's fees, whether incurred in trial or appellate proceedings or otherwise.

ARTICLE V

EASEMENTS

1. The Developer hereby grants a perpetual non-exclusive easement to the Association and to the lot or parcel owners, their families, guests, and lessees upon, over, and across the sidewalks, walkways, and rights-of-way and other common areas of PENNEROOKE.

2. The Developer hereby also grants a perpetual non-exclusive easement to all utility service companies servicing PENNEROOKE, upon, over, across, through, and under the common areas for ingress, egress,

installation, replacement, repair, and maintenance of all utility and service lines and systems including but not limited to water, irrigation, sewer, gas, telephone, electricity, television cable, or communication lines and systems.

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It shall be expressly permissible for the Developer or the providing utility or service company to install and maintain facilities and equipment on said property, to excavate for such purposes and to affix and maintain wires, circuits, and conduits on, in and under the roofs and exterior walls of the home, providing such company restores any disturbed area to the condition existing prior to their activity. Provided, however, that no utility service line or system may be installed or relocated within the common areas without the consent of the Association.

3. The Developer hereby grants an easement for encroachment in the event any improvements upon the common areas now or hereafter encroaches upon a lot or parcel, or in the event that any lot or parcel now or hereafter encroaches upon the common area, as a result of minor inaccuracies in survey, construction, reconstruction, or due to settlement or movement or otherwise. The encroaching improvements shall remain undisturbed as long as the encroachment exists. This easement for encroachment shall also include an easement for the maintenance and use of the encroaching improvements.

ARTICLE VI

UTILITY EASEMENTS

Any expense caused by the necessary access of authorized personnel of the utility or service company to service lines located beneath or within the lot boundaries shall be the owner's responsibility; provided, however, that where the necessary access by authorized personnel of the utility or service company line or system is required as a result of misuse or other wrongful action by another owner, any expense arising therefrom shall be borne solely by such wrongdoer. Any expense caused by the necessary access of authorized personnel of the utility or service company to service lines located within the common areas shall be borne by the Association.

ARTICLE VII

MAINTENANCE OF COMMON AREAS

The Association shall maintain the common areas as are shown on the site plan for PENNBROOKE, which shall include, but not be limited to, all grounds and landscape areas, golf course and other recreational improvements, identification signage, dumpster screening, and other structures. The cost of the Association of maintaining the common areas shall be assessed equally among the lot or parcel owners, as part of the Association expenses pursuant to the provisions of this Declaration. The determination of any expenses shall not lie solely within an individual lot or parcel owner's discretion, but shall rest on the determination of the Board of Directors of the Association.

ARTICLE VIII

ARCHITECTURAL CONTROL

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No residence, fence, wall or other structure shall be commenced, erected or maintained upon the common area nor shall any exterior addition to or change or alteration be made to a lot or any home located thereon until the plans and specifications showing the nature, kind, shape, height, materials, location, and costs of the same have been submitted to and approved in writing as to harmony of external design and location in relation to the surrounding structures and topography by the Board. In the event the Board fails to approve or disapprove such design and location within ninety (90) days after such plans and specifications are submitted to it, then approval shall be deemed granted and this article shall be deemed to have been fully complied with; provided the size and location of the residence, fence, wall or structure are not in violation of any other of the covenants and provisions of this Declaration. Further, the Board does not have the right to approve of plans that are in violation of any city or county ordinances and/or regulations and/or the Southern Standard Building Code. Further, should said municipalities, county, and/or the Southern Standard Building Code require as a condition precedent, precedent, approval of a municipality, county, and/or a regional commission, said shall be a condition precedent to submission to the Board. The Architectural Board shall be the Board of Directors of PENNBROOKE.

ARTICLE IX

ASSOCIATION EXPENSES, METHOD OF DETERMINING
ASSESSMENTS AND MAINTENANCE OF EXTERIOR AREAS

1. The costs and expenses incurred by the Association with regard to the ownership, operation, maintenance and repair of the common areas shall be Association expense. The costs and expenses incurred by the individual lot or parcel owners for water, sewer, waste collection shall be paid by the owners. The costs and expenses assessed by PENNBROOKE against the lot or parcel owners or the Association shall be collected from the lot or parcel owners as an Association expense. Common areas expenses and the PENNBROOKE assessments shall be payable to the Association on an equal basis by all lot or parcel owners.

2. To defray the Association expenses, there is hereby imposed upon each lot and its owner, the affirmative covenant and obligation to pay to the Association; and upon the Association the obligation to assess, collect and expend the Association's expenses and those expenses hereinafter set forth:

A. Taxes.

(i) All taxes levied or assessed upon the common areas, by and any and all taxing authorities, including all taxes, charges as assessments, imposition and liens for public improvements, special charges and

assessments; and in general, all taxes on personal property and improvements which are now and which hereinafter may be placed in the common area, including any interest penalties and other charges which may accrue on such taxes.

(ii) The common areas of the Association will be subject to the taxing authority of Lake County, and the City of Leesburg.

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B. Utility Charges. All charges levied for utility services to the common areas and recreational improvements, whether supplied by a private or public firm including without limitation all charges for water, gas, electricity, telephone, sewer and any other type of utility or service charge.

C. Insurance. The premiums on any policy or policies of insurance required under Article X hereof, together with the costs of such other policies of insurance, as the Board, with the consent of the owners at any meeting thereof, shall determine to be in the best interest of the Association, provided however, that fire and extended coverage on common areas shall be maintained on a current replacement cost basis in an amount not less than 100% of the insurable value based on a current replacement cost.

D. Fidelity Coverage. The cost to the Association of purchasing adequate fidelity insurance or bonds to protect against dishonest acts on the part of officers, directors, trustees, agents, and employees of the Association and all other persons who handle or are responsible for handling of the Association. Such fidelity insurance shall meet the following requirements:

(i) All such fidelity insurance or bonds shall name the Association as an obligee; and

(ii) Such fidelity insurance or bonds shall be written in the amount equal to at least 100% of the three months operating expenses of the Association; and

(iii) Such fidelity insurance or bonds shall contain waivers of any defense based upon the execution of persons who serve without compensation from any definition of "employee" or a similar expression; and

(iv) Such insurance or bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment or premiums) without at least thirty (30) days prior written notice of the servicer or the insured.

E. Reconstruction of Buildings and Improvements. All sums necessary to repair, replace, construct or reconstruct ("repair") any buildings or improvements located in the common areas damaged by any casualty to the extent insurance proceeds are insufficient for repair.

Any difference between the amount of insurance proceeds received on behalf of the Association with respect to repair and the actual cost of the repair ("repair sums") shall be an Association expense for which the Association shall levy a special assessment against all owners, if any, to obtain the funds necessary to pay for such repair sums within ninety (90) days from the date such damage was incurred. The Association shall proceed so that repairs shall be completed within one (1) year from the date of damage, if possible.

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F. Maintenance, Repair and Replacement. All expenses necessary to (a) maintain and preserve the exterior of all buildings and other common areas, and public road rights of way abutting the common areas, including such expenses as grass cutting, trimming, sprinkling and the like, and (b) keep, maintain, repair and replace any and all building improvements, fixtures and equipment upon such areas in a manner consistent with the structure and improvements contained therein, the covenants and restrictions contained herein, and all orders, ordinances, rules and regulations of any and all federal, state and city governments having jurisdiction thereof, as well as the Statutes and laws of the State of Florida and the United States.

G. Optional Expenses. The costs of administration for the Association, including any secretaries, bookkeepers, and covenants of the Association under the Declaration, notwithstanding the fact that some of these services may be expanded in providing services or collecting sums owed by a particular lot. In addition, the Association may retain a managing company or contractors to assist in the operation of PENNBROOKE and to perform or assist in the performance of certain obligations of the Association hereunder. The fees or costs of any management company or contractor so retained shall be deemed to be part of the Association's expense.

H. Indemnification. The costs to the Association to indemnify and save harmless Developer from and against any and all claims, suits, actions, damages, and/or causes of action arising from any personal injury, loss of life and/or damage to property in or about the common areas, if any, from and against all costs, counsel fees, expenses, liabilities occurring in and about such claim, the investigation thereof, or the defense at any level of any action or proceeding brought which may enter therein. Including in the foregoing provisions for indemnification are any expenses the developer may be compelled to incur and bring suit for the purposes of enforcing rights thereunder, or for the purpose of compelling this specific enforcement of the provisions, conditions, covenants and restrictions, contained in the Declaration to be kept and performed by the Association and/or the owners, including the payment of Association expenses.

I. Reserve Funds. The costs to establish an adequate reserve fund for replacement and/or capital refurbishment of the common areas (the "capital contributions") in the amounts determined proper and sufficient by the Board. Each owner acknowledges, understands and consents that capital contributions are the exclusive property of the Association as a whole, and that no owner shall have

any interest, claim or right to any such capital contributions or funds composed of the same. The Association shall be responsible for maintaining the capital contribution in a separate reserve account and use such funds only for capital costs and expenses as aforesaid.

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J. Special Assessments. Any special assessment that shall be levied to defray (a) extraordinary items of Association expense other than those contemplated by capital contribution; and (b) such other Association expenses determined by the Board to be payable by the Association and which are not inconsistent with the terms of this Declaration, the Articles of Incorporation or the Bylaws.

K. First Mortgagees. First Mortgagees of lots may, jointly or singularly, pay taxes or other charges which are in default, and which may or have become a charge encumbrance against the common areas, and may pay overdue premiums on hazard insurance policies or new hazard coverage upon lapse of a policy with respect to the common areas, with a right of immediate reimbursement from the Association.

L. Pennbrooke Homeowners' Association, Inc. All expenses of owners or the Association for the maintenance and repair of the common areas of PENNBROOKE shall be due and payable to the Homeowners' Association. Said expenses to be assessed to the lot or parcel owners and to be paid through the Association in accordance with the Declaration of Covenants and Restrictions for Pennbrooke Homeowners' Association, Inc.

M. Pennbrooke. Certain golf course and recreational facilities shall be constructed by the Developer on the property. These recreational facilities shall be owned by Pennbrooke Homeowners' Association, Inc., but shall be held for the use and benefit of all owners in PENNBROOKE. The Homeowners' Association will maintain, as an Association expense, the recreational facilities. All costs and expenses necessary to maintain recreational facilities will be assessed by the Homeowners' Association against its members (including owners in Pennbrooke).

3. Method of Determining Assessments. The "assessments" (as hereinafter defined) for Association expenses shall be levied and paid for as follows:

A. It is hereby declared and all owners and the Association agree that the Association expenses shall be paid by the Association out of funds assessed and collected from and paid by all owners, provided, however, that the Developer shall not be required to contribute any amounts for Association expenses on lots owned by the Developer until no remaining lots are being sold in the ordinary course of business. Each individual owner other than Developer shall be required to pay the Association expenses.

B. As provided in the Bylaws of the Association, the Board shall prepare an estimated annual budget which

shall reflect the estimated Association expenses. Thereupon the Board shall allocate an equal share of the Association expenses to all lots.

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For the purposes of determining an equal share of Association expenses, the number of lots in PENNEROKE shall include only such lots as have been conveyed to purchasers. The total number of lots in PENNEROKE conveyed to purchasers shall be used as the denominator and the number "1" shall be used as the numerator for the calculation of equal shares of Association expenses.

C. The assessments may be adjusted as necessary to allow for any change in the amount of Association expenses. The adjustment may be made by dividing the total anticipated Association expenses for the remainder of the calendar year by the number of lots which have been submitted to this Declaration.

D. The assessments shall be payable no less frequently than quarter-annually in advance on the first day of January, April, July, and October, otherwise as the Board may determine.

ARTICLE X

INSURANCE

1. Casualty. The Association shall maintain a master policy or policies to insure all buildings and improvements on the common property. This coverage shall be in such amounts so that the insured will not be a coinsurer except under deductible clauses required to obtain coverages at a reasonable cost.

A. The coverage will EXCLUDE the following:

(i) Foundation and excavation costs.

(ii) Any home and special improvements, alterations and betterments to the home.

B. The coverage will INCLUDE the following:

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

(ii) Such other risks as from time to time shall be customarily covered in buildings similarly built, located and used such as insurance covering windstorm, vandalism and malicious mischief; and,

C. When appropriate and possible, the policies shall waive the insurer's right to:

(i) Subrogation against the Association and

against the owners, individually and as a group;

(ii) The pro rata clause that reserves to the insurer the right to pay only a fraction of any loss if other insurance carriers have issued coverage upon the same risk; and

(iii) Avoid liability for a loss that is caused by an act of the Board, or by a member of the Board or by one or more owners.

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2. Reconstruction and Repair after Casualty.

Although it is impossible to anticipate all problems which may arise from a casualty, the intent is to try to assure that the overall plan of a quality development of PENNEROOKE is maintained by requiring damaged improvements to be rebuilt or repaired and that unsightly and dangerous conditions are remedied as soon as possible. Any reconstruction and repair will be substantially in accordance with the plans and specifications for such property as originally constructed, or if none, then according to the plans and specifications approved by the Board. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair for which the Association is responsible, or if at any time during that work or upon completion of the work, the funds available for payment of the costs are insufficient, assessments shall be made by the Association against all owners in sufficient amounts to provide funds for the payment of those costs.

3. Public Liability Coverage. The Association shall obtain Public Liability coverage insuring the Association against any and all claims and demands made by any person or persons for injuries received in connection with the operation and maintenance of the Common Areas and improvements located thereon, or for any other risk insured against by such policies which the Association, in its sole discretion, determines to insure against. Each policy purchased by the Association shall have limits of not less than \$5,000,000.00 covering all claims for personal injury and property damage arising out of a single occurrence, provided however, that the Board of Directors may, in its sole discretion, determine to set higher or lower limits for such coverage upon determining that it is in the best interest of the community to do so. The liability coverage shall include protection against liability for non-owned and hired automobiles, and liability hazards related to usage. All such policies will name the Association (and the Developer until the transfer date), as their respective interest may appear, as insured parties under such policy or policies. The original of each policy shall be held by the Board.

4. Fidelity Bond Coverage. The Association shall obtain Fidelity Bonds covering officers, directors, employees and other persons who handle or are responsible for handling Association funds. Such bonds shall be in an amount equal to at least one hundred percent (100%) of three months operating expenses of the Association and shall contain waivers of any defense based upon the exclusion of persons

serving without compensation.

5. All insurance shall be issued by a company authorized to do business in the State of Florida.

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6. The named insured shall be the Association individually and as trustee for owners covered by the policy without naming them, and shall include Institutional Mortgagees who hold mortgages upon property covered by the policy whether or not the mortgages are named. The Board may authorize an "Insurance Trustee" to maintain the policies and receive any proceeds of such policies.

7. Premiums on policies purchased by the Association shall be paid as an Association Expense. The Association will furnish evidence of premium payment to each mortgagee upon request.

8. All insurance policies purchased by the Association shall be for the benefit of the Association and the owners and their mortgagees as their interest may appear, and shall provide that all proceeds covering property losses shall be paid to the Association as trustee or to such institution in Florida with trust powers as may be designated as Insurance Trustee by the Board. The Trustee shall hold the proceeds for the benefit of the owners and their mortgagees in the following shares:

A. An undivided share for each owner, that share being the same as such owner's undivided share in the Association Expenses.

B. If a mortgagee endorsement of an insurance policy has been issued as to any property, the share shall be held however, that no mortgagee as its interests may appear; or participate in the determination as to whether or not any improvements shall be reconstructed or repaired, and unless provide by the terms of the mortgage, no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distribution of proceeds made to the mortgagee.

9. The Association is irrevocably appointed agent for each owner and for each mortgagee or other lienor of a lot, and for each owner of any other interest in the property, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

ARTICLE XI
ESTABLISHMENT AND ENFORCEMENT OF LIENS

1. All assessments for Association Expenses, including special assessments for same, and all installments thereof, (collectively, the "assessments"), with interest thereon at the highest rate allowed by law and costs of collection, including reasonable attorney's fees at trial level, appellate level, or otherwise, are hereby declared to be a charge and a continuing lien upon the lot against which such

assessments are made. Each assessment against a lot, together with such interest thereon at the highest rate allowed by law and costs of collection thereof, including attorney's fees, shall be the personal obligation of the person, persons, or entity owning the lot assessed. Said lien shall be effective only from and after the time or recordation among the Public Records of Lake County, Florida, of a written, acknowledged statement by the Association setting forth the amount due to the Association as of the date the statement is signed. Upon full payment of all sums secured by that lien and costs and fees accrued, the party making payment shall be entitled to a recordable Satisfaction of Lien. When any first mortgagee obtains title to a lot as a result of a foreclosure of mortgage or deed (or assignment) is given in lieu of foreclosure, such acquirer of title, his successors and assigns, shall not be liable for the share of assessments pertaining to such lot or chargeable to the former owner which become due prior to the acquisition of title as a result of the foreclosure or deed in lieu of foreclosure, unless such share is secured by a Claim of Lien for assessments and recorded prior to the recordation of a mortgage. Such unpaid share of assessments for which a Claim of Lien has not been recorded prior to the recording of the foreclosure mortgage or deed given in lieu of foreclosure shall be deemed to be assessments collectable from all other lots, as the necessity may arise in the discretion of the Board.

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2. In the event any owner shall fail to pay assessments or any installment thereof charged to the owners lot within fifteen (15) days after the same becomes due, the Association, through its Board, shall have all of the following remedies to the extent permitted by law.

A. To accelerate the entire amount of any assessments for the remainder of the calendar year notwithstanding any provisions for the payment thereof in installments

B. To advance on behalf of said owner funds to accomplish the needs of the Association and the amount or amounts of money so advanced, including reasonable attorney's fees and expenses which might have been reasonably incurred because of or in connection with such advance, including costs and expenses because of said owner, together with interest at the highest rate allowable by law, such advance or loan may thereupon be collected or enforced by the Association and such advance or loan by the Association shall not waive the default.

C. To file an action in equity to foreclose its lien at any time after the effective date thereof. The lien may be foreclosed by an action in the name of the Association in a like manner as the foreclosure of a mortgage on real property.

D. To file an action at law to collect said assessments, plus interest at the highest rate allowable by law plus court costs and attorney's fees

without waiving any lien rights and/or right of foreclosure by the Association.

ARTICLE XII

ENFORCEMENT OF DECLARATION

The enforcement of this Declaration may be by proceeding at law for damages or in equity to compel compliance with its terms or to prevent violation or breach of any of the covenants or terms herein. Enforcement may be sought by the Developer, the Association, or any individual and should the party seeking enforcement be the prevailing party then the person against whom enforcement has been sought shall pay all costs and reasonable attorney's fees at all trial and appellate levels to the prevailing party.

ARTICLE XIII

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AMENDMENTS

1. Until the closing of the first conveyance of a lot or parcel by Developer to an owner, other than Developer, (Amendment Date), any amendment to this Declaration may be made by Developer with consent of any mortgagee who has advanced funds for construction or who is under contract to advance construction funds.
2. Except for amendments to this Declaration submitting additional phases to the terms, conditions and covenants of this Declaration, and except for amendments to this Declaration transferring certain portions of the common areas which are used as recreational areas to PENNBROOKE HOMEOWNERS' ASSOCIATION, INC. which will require only the execution of the Developer, after the amendment date this Declaration may be amended only by consent of fifty-one percent (51%) of all lot owners.
3. Notwithstanding the foregoing, no amendment to Articles IX or X, and no other amendment shall be effective which shall, in a material fashion impair or prejudice the rights or priorities of any owner, the Developer, or any institutional mortgagee under this Declaration without the specific written approval of the owner, the Developer or institutional mortgagee affected thereby.
4. Subsequent to the transfer date, the Developer may amend this Declaration in order to correct a scrivener's error or other defect or omission without the consent of the owners or the Board; provided that such amendment does not materially, adversely affect an owner's property rights. This amendment shall be signed by the Developer alone and a copy of this amendment shall be furnished to each owner, the Association and all institutional mortgages as soon after recording thereof amongst the Public Records of Lake County, as is practicable.
5. An amendment to the Declaration shall become effective upon the recordation amongst the Public Records of Lake County, Florida.

ARTICLE XIV

CONVEYANCES

In order to assure a community of congenial residents and thus protect the value of the home dwellings and to further the continuous development of PENNBROOKE community, the sale or lease of lots shall be subject to the following provisions:

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2. Any and all lease agreements between an owner and a lessee of such owner's lot and home shall be in writing and must provide that the lessee shall be subject in all respects to the terms and provisions of this Declaration and that any failure by the lessee under such lease agreement to comply with such terms and conditions shall be a material default and breach of the lease agreement. The lease agreement shall also state who will be responsible for the assessments as stated above, and it shall be the obligation of all owners to supply the Board with a copy of said written agreement prior to the lessee occupying the premises. Unless provided to the contrary in a lessee agreement, an owner, by leasing a lot, automatically delegates the right of use and enjoyment of the common area and facilities to the lessee; and in so doing, said owner relinquishes said rights during the terms of the lease agreement.

3. Upon receipt of a copy of the contract for sale or lease, the Association shall, within ten (10) business days issue a Certificate indicating the Association's approval of the transaction. In the event of a sale it shall then be the responsibility of the purchaser of the lot to furnish the Association with a recorded copy of the deed or conveyance indicating the owner's mailing address for all future maintenance bills and other correspondence from the Association. Provided, however, prior to the issuance by the Association of a Certificate indicating the Association's approval of the transaction, the purchaser or lessee shall be required to execute a copy of the rules and regulations of PENNBROOKE, acknowledging that he takes title subject to those rules and regulations which he agrees to abide by. The Association shall then retain one signed copy in the Association's records, and furnish one copy to the purchaser or lessee.

4. Except as provided in paragraph 5 below, it is not the intention of this Article to grant to the Association, a right of approval or disapproval of purchasers or lessees. It is, however, the intent of this paragraph to impose an affirmative duty on the owners to keep the Association fully advised of any changes in occupancy or ownership for the purposes of facilitating the management of the Association's membership records. As this Article is a portion of the Declaration of Covenants which run with the land, any transaction which is conducted without compliance with this Article may be voidable by the Association.

5. Notwithstanding the provisions of Article XV, paragraph 3 above, in the event that an owner is delinquent in paying any assessment, or the owner or owner's buyer, family, guests, agents, licensees or invitees are not in compliance with any provisions of the

Declaration of Covenants and Restrictions for PENNBROOKE, the Association has the right to disapprove of any sale; and in the case of a lease, the right to disapprove of and to void any lease at any time prior to or during the leasehold tenancy until any delinquent assessment is paid and/or until any violation of any provisions of said Declaration of Covenants and Restrictions is corrected.

ARTICLE XV

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TERMINATION

1. This Declaration may be terminated upon the affirmative written consent of eighty percent (80) of all lot owners.

2. If this Declaration is terminated in accordance herewith, it is hereby declared by the Developer, and each and every owner of the lot by acquiring title to a lot covenants and agrees, that the termination documents shall require:

A. That all lots shall continue to be used solely as single-family home residence.

B. All common areas shall be owned and held in equal shares by the lot owners as tenants in common.

3. The owners and their grantees, successors and assigns, by acquiring title to a lot, covenant and agree that no termination of this Declaration shall be made for period of twenty-five (25) years from the date of recordation of this Declaration.

ARTICLE XVI

MISCELLANEOUS

1. The failure of the Developer, the Association, or any owner to object to an owner's or other person's failure to comply with the covenants or restrictions contained herein shall in no event be deemed a waiver of any right to object to same and to seek compliance therewith in accordance with the provisions herein.

2. Articles and paragraph captions inserted throughout this Declaration are intended only as a matter of convenience and for reference only and in no way shall such captions or headings define, limit or in any way affect any of the terms and provisions of this Declaration.

3. Whenever the context requires any pronoun used herein may be deemed to mean the corresponding masculine, feminine or neuter form thereof and the singular form of any nouns or pronouns herein may be deemed to mean the corresponding plural form thereof and vice versa.

4. In the event any one of the provisions of this Declaration shall be deemed invalid by a court of competent jurisdiction, said judicial determination shall in no way affect any of the other provisions, hereof, which shall remain in full force and effect.

5. This Declaration and the terms, provisions, conditions, covenants, restrictions, reservations, regulations, burdens and liens contained herein shall run with and bind the subject property and inure to the benefit of Developer, the Association, the owners, institutional mortgagees and their respective legal representatives, heirs, successors, and assigns for a term of twenty-five (25) years from the date of recording of this Declaration amongst the Public Records of Lake County, Florida. After which time, this Declaration shall be automatically renewed and extended for successive periods of ten (10) years each unless at least one (1) year prior to the termination of such twenty-five (25) year term or any such ten (10) year extension that is recorded amongst the Public Records of Lake County, Florida, an instrument is signed by at least eighty percent (80%) of all owners agreeing to terminate this Declaration, upon which event this Declaration shall be terminated upon the expiration of twenty-five (25) years or the ten (10) year extension thereof during which the termination instrument is recorded. Notwithstanding such termination, owners shall continue to remain obligated to pay their pro rata share of Association expenses in order to continually maintain the common areas.

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6. The Association may not convey, encumber, abandon, partition or subdivide any of the common areas without the approval of all Institutional Mortgagees holding mortgages on such property. All first mortgagees, upon request, shall be entitled to written notification from the Association of (a) any default by an individual owner of any obligation hereunder not cured within sixty (60) days, (b) any condemnation loss or any casualty loss which affects a material portion of the plan of development and (c) any lease, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

7. The Association is required to make available to lot owners and to lenders, holders, insurers, or guarantors of any first mortgage, current copies of the Declaration, Articles of Incorporation, Bylaws, Rules and Regulations and other such documents governing PENNBROOKE or the Association, as well as the books, records, and financial statements of the Association. "Available" shall be defined as obtainable for inspection, upon written request after reasonable notice, during normal business hours or under such other reasonable circumstances.

8. Any holder of a first mortgage shall be entitled, upon written request after reasonable notice, to a financial statement of the Association for the immediately preceding fiscal year.

IN WITNESS WHEREOF, the Declaration of Covenants and Restrictions of Pennbrooke has been signed by the Developer on the day and year first above set forth. The Developer has caused these presents to be executed in its name and its corporate seal to be hereunto affixed by its proper officer thereunto duly authorized.

PENNBROOKE LTD.

By: Robert D. Stetler

PENNBROOKE HOMEOWNERS
ASSOCIATION, INC.

By: Robert D. Stetler
Robert Stetler, President

Attest:

Robert D. Stetler
Secretary

(CORPORATE SEAL)

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STATE OF FLORIDA)
COUNTY OF LAKE)

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared Robert D. Stetler, President & Secretary, Pennbrooke, LTD to me known to be the officer described in and who executed the foregoing instrument and acknowledged before me that he executed the same.

WITNESS my hand and official seal in the County and State aforesaid this 22nd day of July, 198 87.

Jammy Wood
NOTARY PUBLIC
My commission expires: Feb 15, 1990

STATE OF FLORIDA)
COUNTY OF LAKE)

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared ROBERT STETLER, President of PENNBROOKE HOMEOWNERS' ASSOCIATION, INC., to me known to be the officer described in and who executed the foregoing instrument and acknowledged before me that he executed the same.

WITNESS my hand and official seal in the County and State aforesaid this 22nd day of July, 198 7.

Jammy Wood
NOTARY PUBLIC
My commission expires: