

PROPOSED AMENDMENT
REVISED BY-LAWS
OF
THE VILLAGE OF HOLIDAY LAKE OF CHARLOTTE COUNTY
PROPERTY OWNERS' ASSOCIATION

Additions indicated by underlining.

Deletions indicated by ~~striking through~~.

Proposed Amendment No. 1: **Article IV, Section 1 of the Revised By-Laws to read as follows:**

ARTICLE IV
VOTING RIGHTS

SECTION 1. Members shall be all those owners as defined in ARTICLE III, SECTION 1. Members shall be entitled to one vote for each Lot in which they hold the interests required for Membership under ARTICLE III, SECTION 1. Such persons shall be Members, and the vote for such Lots shall be exercised as stated below ~~they among themselves determine~~, but in no event shall more than one (1) vote be cast with respect to any such Lot. The total number of Voting Interests equals the total number of Lots subject to the Declaration (i.e., 551). If a Lot is owned by spouses or domestic partners, either record Owner may vote on behalf of the Lot. If a Lot is required to designate a Primary Occupant pursuant to the Declaration, the Primary Occupant shall vote. If a Lot is not required to designate a Primary Occupant because title was taken before the requirement for designation of a Primary Occupant was included in the Declaration, voting will be as follows: if a Lot is owned by a corporation, any officer may vote on behalf of said corporation. If a Lot is owned by a partnership, any general partner may vote on behalf of the partnership. If a Lot is owned in trust, any grantor or trustee of a trust shall be entitled to vote. If a Lot is owned by a limited liability company, any member, manager, or officer may vote on behalf of the limited liability company. Any person with bona fide apparent authority asserting the right to vote on behalf of a Lot owned by an artificial entity shall be presumed to be entitled to vote on behalf of said Lot, unless the Lot has filed voting instructions with the Association designating some other person entitled to vote or if the Association has reasonable cause to believe such person is not eligible to vote. If multiple Owners or non-individual Owners of a Lot cannot agree on how a vote is to be cast, the vote shall not be counted as to the issue upon which disagreement exists. Voting certificates are not necessary. No individual may cast a vote assigned to a Lot where the voting rights assigned to the Lot are suspended pursuant to the terms of the Governing Documents and/or Florida law.

PROPOSED AMENDMENTS

THE VILLAGE OF HOLIDAY LAKE REVIVED AND RESTATED DECLARATION OF COVENANTS AND RESTRICTIONS

Additions indicated by underlining.

Deletions indicated by ~~striking through~~.

Proposed Amendment No. 1: Article I, Section (g) (NEW) of the Revived and Restated Declaration of Covenants and Restrictions shall read as follows:

ARTICLE I DEFINITIONS

(g) "Primary Occupant" means one (1) or more natural person(s) designated for occupancy of a Unit when title to the Unit is held in the name of two (2) or more Persons who are not spouses, or when title is held by a trust, corporation or other entity which is not a natural person, except where the context clearly indicates otherwise, the term "Member" includes "Primary Occupant." Tenants may not be designated as Primary Occupants.

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Proposed Amendment No. 2: Article III, Section 2 of the Revived and Restated Declaration of Covenants and Restrictions shall read as follows:

ARTICLE III MEMBERSHIP AND VOTING RIGHTS IN THE POA

SECTION 1. MEMBERSHIP. Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by these Covenants of Record to Assessment by the POA, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

SECTION 2. VOTING RIGHT. Members shall be all those owners as defined in Section 1. Members who are current in the payment of their maintenance assessments shall be entitled to one vote for each Lot in which they hold the interest required for membership by Section 1 of this ARTICLE. When more than one person or entity holds such interest or interests in any Lot, all such person shall be Members, and the vote attributed to such Lot shall be exercised as provided in the By-Laws ~~for such Lot shall be exercised as they among themselves determine~~, but in no event shall more than one vote be cast with respect to any Lot.

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Proposed Amendment No. 3: Article IV, Section 7 (NEW) of the Revived and Restated Declaration of Covenants and Restrictions shall read as follows:

**ARTICLE IV
PROPERTY RIGHTS IN THE COMMON PROPERTIES**

(Sections 1 through 6 Remain Unchanged)

SECTION 7. STORAGE COMPOUND. The Association maintains a Storage Compound upon the Common Properties located off Delamere Boulevard. The Board of Directors of the POA has the right to designate and maintain certain spaces in the Storage Compound for the exclusive use of the Members and current Owners. The Storage Compound may contain designated spaces which may be leased by the Association. Due to the limited space in the Storage Compound, Members are limited to one space (or spot), regardless of the number of Lots or Living Units owned. The use of the Storage Compound and the designated spaces therein are subject to rules and regulations adopted by the Board of Directors, as amended from time to time. Spaces in the Storage Compound may not be transferred to a new Owner upon the sale, transfer or conveyance of a Lot or Dwelling Unit. Spaces in the Storage Compound that are left vacant for more than nine (9) consecutive months shall be deemed abandoned and surrendered back to the Association and the Board may lease the space to another Member. The Board has the authority to determine a fee for the lease and exclusive right to use a space in the Storage Compound. Any increases of the fee will be made by a vote of the Board of Directors at a duly noticed Board Meeting and notice of any increase will be provided to the lessees no less than sixty (60) days prior to the effective date of the increase.

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Proposed Amendment No. 4: Article VI, Sections 1 and 2 of the Revived and Restated Declaration of Covenants and Restrictions shall read as follows:

**ARTICLE VI
ENVIRONMENTAL CONTROL COMMITTEE**

SECTION 1. APPOINTMENT OF COMMITTEE. There shall be appointed by the Board of Directors of the POA. The Environmental Control Committee shall consist of at least three (3) members of the Association. The Board may act as the Environmental Control Committee (“ECC”) and in the absence of the Board’s appointment of an ECC, the Board shall be the ECC. The majority of the ECC shall constitute a quorum to transact business at any meeting. The Board in its sole and absolute discretion may remove members of the ECC at any time, with or without cause.

The ECC shall regulate the external design, construction, installation of new/replacement units and/or homes, structures, or improvements on a Lot, or work done thereto, in such a manner to preserve and enhance the values and to maintain a harmonious relationship among structures and the scheme of vegetation and topography.

The ECC shall have the following powers and duties:

i. To recommend from time to time to the Board of Directors of the Association modifications or amendments to the Environmental Control Guidelines, which shall be part of the Rules and Regulations. Such modifications shall not be effective until adopted by the Board.

ii. To require submission to the ECC a complete set of all plans and specifications for any work subject to this Article VI. The ECC may also require submission of samples of building materials proposed for use or any other additional information as reasonably necessary for the ECC to completely evaluate the proposed work or alterations in accordance with the Declaration, the Environmental Control Guidelines, and the Rules.

The ECC shall not be held responsible for approving plans that may be inconsistent with local, state, or federal regulations. Any inconsistencies or discrepancies with local, state or federal permits are the responsibility of the Member. As a condition of the ECC's review of plans, every Member grants members of the ECC and the Board, or other designees of the Association, the right to enter upon the Lot for the purpose of inspecting for compliance with approvals that have been given, although there shall be no duty to inspect by the Association. The Member is responsible to make his or her contractor and all other parties aware of the Association's Environmental Control Committee Process.

SECTION 2. REVIEW BY COMMITTEE. The Environmental Control Committee, in its review of all new/replacement units or homes, modifications or alterations to existing construction or structures, and improvements on a Lot shall be guided by the following standards of environmental and architectural control, to-wit those excluded in ARTICLE IX hereof: and

- (a) Architectural Control. No new/replacement unit or homes, building, fence, wall, or other addition or modification to existing structures shall be commenced, erected or maintained upon The Properties, nor shall any exterior addition to or change, alteration therein, including patio covers, enclosure or visibility shield, landscaping, planting, lot lighting, screen enclosures, deck, porch, awning, shutter or other exterior hurricane protection, or other structure or improvement of any kind which in any way adds to, removes, or alters the exterior appearance of any Lot, unit, home, or improvement, or which causes the Lot to be different in appearance than its natural or improved state existing on the date such Lot was first constructed and improved and conveyed to an Member be made until the plans, drawn appropriate to scale and specifications showing the nature, kind, shape, height, material and location of the same including exterior color scheme shall have been submitted to and approved, in writing, as to harmony of external design and location in relation to surrounding structures, topography and vegetation by the Environmental Control

Committee. Exterior painting shall require ECC approval. Approval or disapproval of the same shall be made by the Environmental Control Committee and returned to the applicant within a reasonable time, not to exceed thirty (30) days after receipt of all documents required or requested by the ECC to conduct its review thereof.

- (b) Existing Trees. Existing trees on The Property will not be removed unless their removal proves to be necessary due to the emplacement of the structure or structures. Location and size of all existing trees, including those proposed to be removed, shall be indicated on landscaping plans and specifications, and subject to the approval of the Environmental control Committee.
- (c) Landscaping Approval. No trees, bushes, shrubs or plants which at maturity and without clipping or pruning thereof, would obstruct the view of pedestrians or vehicle drivers, shall be planted or emplaced until the plans and specifications for the placement of any such tree, bushes, shrubs or plants have been submitted to and approved by the Environmental Control Committee as to the preservation of the natural view and aesthetic beauty which each Lot and the community is intended to enjoy.

Said plans as submitted shall show in detail and to scale the proposed elevations and locations of said trees, bushes, shrubs or plants, including the location of same in relation to all other Lots subject to these restrictions.

- (d) Committee Approval. Approval of said plans by the Environmental Control Committee may be withheld if in the opinion of the Committee the view of any Lot would be impeded by the location of such tree, bush, shrub or plant, or in any other manner. In any event, the Committee shall have the right to require any Member to remove, trim, or prune any tree or shrub, which in the reasonable belief of the Committee impedes or detracts from the view of any Lot. The ECC may also disapprove any plans that do not comply with Environmental Control Guidelines or specifications properly adopted by the Board of Directors.
- (e) New/Replacement Units. All new/replacement units must be approved as being correctly placed on lot by the Environmental Committee/Management **BEFORE** the unit can be fastened down. Only new homes may be placed on any Lot in the Property. For purposes of this provision, “new” means homes that are not older than three (3) years old and that have not been previously occupied. All homes, attachments and improvements must meet current Charlotte County elevations and wind zone requirements. All new and replacement Units must comply with current building codes.

(The Remainder of Article VI is Unchanged)

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Proposed Amendment No. 5: Article VII, Section 1 of the Revived and Restated Declaration of Covenants and Restrictions shall read as follows:

**ARTICLE VII
EXTERIOR MAINTENANCE**

SECTION 1. EXTERIOR MAINTENANCE. Property maintenance is the year round responsibility of all Owners. All Lots, including vacant and unimproved Lots (Lots without a Living Unit) and improvements thereon, must be maintained in a neat, clean, and attractive condition free of overgrowth of vegetation and weeds. As of the effective date of this amendment, all unimproved Lots must be cleared and leveled within ninety (90) days after the date of closing on the transfer of the Lot to the Owner as evidenced by the date of delivery of the deed of said Lot. The ninety (90) day period described herein may be extended by the Association in its discretion. If a Lot has not been cleared, or if a written extension has not been obtained, the Association has the right, but not the obligation, to clear and level the Lot and any cost incurred by the Association to clear and level the Lot shall be due and payable by the Owner within thirty (30) days after rendition of a bill therefore by the Association. The costs incident to said clearing and leveling shall be the personal obligation of the Owner to the Association and shall become a lien against the subject Lot with the same force and effect of the lien that would be created by the said Owner's failure to pay the regular or special assessments hereunder when due.

Every Owner must keep and maintain his or her Lot, including, but not limited to, the Living Unit, and other improvements thereon, at his or her expense, in good order, condition and repair, and must promptly perform maintenance and repair work on his or her Lot and Living Unit. In this regard, each Owner shall be responsible for the maintenance, repair, replacement, and upkeep of the Lot, Living Unit, and any improvements and shall keep the same in a neat and orderly fashion. Pursuant to agreement with the Owner, or upon determination by the POA that an Owner has failed to maintain the exterior of his Living Unit in accordance with general standards of the community, any rules and regulations adopted by the Board, and above and beyond maintenance furnished by the POA, then, after reasonable notice to the Owner specifying such failure and upon Owners neglect or refusal to correct same, then, in such event, and in addition to maintenance upon the Common Properties, the POA may, but is not obligated to, provide exterior maintenance upon each such Living Unit as follows: paint, repair, replacement and care of roofs, gutters, down spouts, exterior building surfaces, screens, trees, shrubs, grass, walks and other exterior improvements. The cost thereof shall be assessed to the owner and shall be added to and become a part of the maintenance assessments as more particularly described in SECTION 2 hereof.

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Proposed Amendment No. 6: Article XI, Section 1 of the Revived and Restated Declaration of Covenants and Restrictions shall read as follows:

**ARTICLE IX
UNIFORM GENERAL REQUIREMENTS**

SECTION 1. RESIDENTIAL LOTS; USE AND MINIMUM SQUARE FOOTAGE REQUIREMENTS. All Lots in the Properties (aka, the Village) are designated as single family residence lots to contain one story manufactured homes as more fully indicated and no principal building shall be constructed or erected on any single family residence Lot other than a one story manufactured home as more specifically described in Schedule "A". No single-family residence shall otherwise be re-subdivided. A "single-family" is defined as one natural person, his/her spouse or domestic partner, if any, and their custodial children (including foster children), if any, or not more than two (2) such persons not related by blood, marriage, legal custody or adoption and their custodial children, if any, who customarily and continuously reside as a single housekeeping unit, with the intention of living within the bonds of family.

Village of Holiday Lake has been established as a residential community. The intent of this provision is to promote the residential character of the Community.

(a.) Single Family Use. Each Parcel may be used for single-family residential purposes only. When used in this Article "reside" shall mean to sleep in the Living Unit for more than thirty (30) nights during a calendar year. No Person may reside in the Parcel as an Owner, Resident, or Family member or for any reason occupy the Living Unit on an overnight basis for more than thirty (30) days in a calendar year unless said Person's occupancy has been specifically approved by the Association, through the Board. In considering such requests, the Board may consider factors set forth in Article IX, Section 1 hereof, and may charge a reasonable fee for review of residency requests. Occupancy by Tenants is further governed by Article XI, Section 14 of this Declaration. No Person may occupy or otherwise be present within a Living Unit, or otherwise present within the Village as a family member, occupant, Tenant, guest, or invitee if such Person:

(i) Has been convicted of, pled no contest to, or has been released from incarceration, probation or community control for:

1. a capital, first or second degree felony involving violence to Persons within the past ten (10) years; or

2. a first or second degree felony involving illegal drugs within the past ten (10) years; or

3. any drug offence involving the manufacture and/or distribution of illegal drugs regardless of when that conviction, plea or release occurred; or

4. a felony involving sexual battery, sexual abuse, or lewd and lascivious behavior regardless of when that conviction, plea or release occurred;

(ii) Has been labeled a sexual offender or a sexual predator by any governmental or quasi-governmental agency regardless of when that label occurred; or

(iii) Is currently on probation or community control for a felony involving violence to another or damage to or theft of property.

No more than two (2) Persons per bedroom, plus two (2) Persons (including owners, Tenants, residents, their families, guests may reside in a Living Unit as residents or occupants.

(b.) Commencement/Completion of Construction. Any purchaser of a Lot shall commence construction of an approved single family residence (a one story manufactured home) which shall be approved by the Board of Directors or the ECC not later than the first of (a) nine (9) months following the date on which the last of the requisite approvals have been obtained by the Owner for the issuance of building permits with respect to the said Living Unit or (b) one (1) year after the date of closing on the transfer of the Lot to the Owner as evidenced by the date of delivery of the deed of said Lot. For purposes of this Section, "commence construction" means the issuance of any required governmental permits and the commencement of visible, on-site construction of a Living Unit approved pursuant to the Association's Environmental Control procedures. Compliance with this Section 1 does not relieve any Owner from obtaining all approvals required by the Declaration, the ECC, governmental authorities, or other applicable regulations.

Once construction has commenced, the Living Unit / home shall be substantially completed within two (2) years from the date of closing on the transfer of the Lot to the Owner, unless extended pursuant to written approval of the Association.

Owners holding title to an unimproved Lot without a Living Unit constructed thereon as the effective date of this amendment shall have twelve (12) months from the effective date of this amendment to commence construction of a single family residence. Construction must be completed within two (2) years from the effective date of this amendment, unless extended pursuant to written approval of the Association.

Once construction is commenced, all Owners shall diligently and continuously proceed with the uninterrupted construction of the improvements thereon. The Board of Directors may grant one or more reasonable extensions upon written request by the Owner for good cause shown, including but not limited to: delays in governmental permitting; material shortages; labor shortages; natural disasters or declared emergencies; litigation or title disputes affecting the Lot; or other circumstances beyond the reasonable control of the Owner. Reasonable extensions shall be at the sole discretion of the Board. The Board's decision shall be made in good faith and shall be applied uniformly to similarly situated Owners.

No garage is allowed on a residential lot. Accessory buildings ~~including but not limited to (sheds, etc.)~~ are not permitted. Notwithstanding the foregoing, a shed that is attached to the structure and meets the rules and regulations may be erected on the Lot with the prior written approval of the ECC or Board of Directors, along with any other required Charlotte County permits.

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Proposed Amendment No. 7: Article XI, Section 14 of the Revived and Restated Declaration of Covenants and Restrictions shall read as follows:

SECTION 14. RENTAL RESTRICTIONS. All leases must be in writing. Should an Owner wish to lease his or her Lot, he or she shall furnish the Association with a copy of the proposed lease, the name of the proposed tenant, the names of all proposed occupants, and such other information as the Association may reasonably require. Any Person occupying the Lot as an occupant after initial approval shall be subject to a separate application and approval process. The Association shall have thirty (30) days from receipt of notice and all required information within which to approve or disapprove of the proposed lease or proposed tenants or occupants. The Association shall give the Owner written notice of its decision within said period. No individual rooms may be rented and no transient Tenants may be accommodated. "Rent-sharing" and subleasing are prohibited. Owners may not lease their homes for a term of less than thirty (30) days. Owners may not rent their homes more than three (3) different times during a calendar year (i.e., January through December). Listing homes for rent on a hotel-lodging type site or Craig's List shall constitute a violation. Leases may be extended or renewed, subject to Board approval. No Owner, nor anyone on their behalf, shall publish or cause to be published any advertisement of any type in any form of media, including, but not limited to, television, radio, internet website, newspaper, magazine, or trade publication, that indicates that a Lot may be leased for anything less than the minimum period of thirty (30) days.

(a.) Board Right of Approval. The Board shall have the authority to approve or disapprove all leases and renewals or extensions thereof, which authority may be delegated to an officer, a committee, or an agent. No Person may occupy a Lot or Living Unit as a tenant, family member of a tenant, resident, or otherwise without prior written approval of the Board. The Board shall have the authority to promulgate or use a uniform lease application and require such other information from the proposed tenant and all proposed residents as the Board deems appropriate under the circumstances. The Board may require an interview of any proposed tenant and all proposed occupants of a Lot / Living Unit as a condition for approval. The Board may, but shall not be obligated or have the duty to, conduct criminal background investigation in connection with proposed leases.

(b.) Tenant Conduct; Remedies. All leases shall be on a uniform form of lease or lease addendum if so promulgated by the Association. Uniform leases, addenda and all other leases will provide, or be deemed to provide, that the tenants have read and agreed to be bound by the Governing Documents. The uniform lease or addendum and other leases shall further provide, or be deemed to provide, that any violation of the Governing Documents shall constitute a material breach of the lease and subject the tenant to termination of the lease and/or eviction as well as any other remedy afforded by the Governing Documents or Florida law. If a tenant, resident, other occupant, guest or invitee fails to abide by the Governing Documents, the Owner(s) shall be responsible for the conduct of the tenants, residents, occupants, guests or invitees and shall be subject to all remedies set forth in the Governing Documents and Florida law, without waiver of any remedy available to the Association as to the tenant. The Owner shall have the duty to bring

his or her tenant's conduct (and that of the other residents, occupants, guests or invitees) into compliance with the Governing Documents by whatever action is necessary, including without limitation the institution of eviction proceedings without notice to cure, where legally permissible. If the Owner fails to bring the conduct of the tenant or occupant into compliance with the Governing Documents in a manner deemed acceptable by the Association, or in other circumstances as may be determined by the Board, the Association shall have the authority to act as agent of the Owner to undertake whatever action is necessary to abate the tenants' noncompliance with the Governing Documents (or the noncompliance of other residents, occupants, guests or invitees), including without limitation the right to terminate a lease and/or institute an action for eviction against the tenant and all occupants in the name of the Association in its own right, or as agent of the Owner. The Association shall have the right to recover any costs or fees, including attorneys' fees, incurred in connection with such actions, from the Owner which shall be secured by a continuing lien in the same manner as Assessments for Common Expenses, to wit, secured by a Lien for such Charges. Any uniform lease or lease addendum will provide, and all leases will be deemed to provide, that the Association shall have the authority to direct that all rental income related to the Lot be paid to the Association until all past due and current obligations of the Association have been paid in full, including, but not limited to, all past due Assessments, Charges, other monetary obligations, late fees, interest, attorneys' fees and cost and expenses of collection.

(c.) Approval Process; Disapproval. Any Owner intending to lease his or her Lot or Living Unit shall submit a copy of the proposed lease, an application, and any other requested information and required fees at least thirty (30) days in advance of the commencement of the lease or renewal or extension term. Upon receipt of all information and fees required by Association and an interview (if requested by the Board), the Association shall have the duty to approve or disapprove all proposed leases within thirty (30) days of receipt of all such information required for approval and the completion of the tenant/resident interview (if required), by sending written notification to the Owner within such time frame. All requests for approval not acted upon within thirty (30) days shall be deemed approved. Applications for renewals or extensions of lease agreements shall be submitted at least thirty (30) days in advance of the expiration of the lease agreement. If the Association disapproves of a proposed lease or renewal or extension, the Owner shall receive a short statement indicating the reason for the disapproval, and the lease shall not be made, renewed, or extended. The Association shall neither have a duty to provide an alternate tenant nor shall it assume any responsibility for the denial of a lease application if any denial is based upon any of the following factors:

(i) The Person seeking approval (which shall hereinafter include all proposed occupants or residents) has been convicted of, pled no contest to, or has been released from incarceration, probation or community control for:

1. a capital, first or second degree felony involving violence to Persons within the past ten (10) years; or

2. a first or second degree felony involving illegal drugs within the past ten (10) years; or

3. any drug offense involving the manufacture and/or distribution of illegal drugs regardless of when that conviction, plea or release occurred; or

4. a felony involving sexual battery, sexual abuse, or lewd and lascivious behavior regardless of when that conviction, plea or release occurred;

(ii) The Person seeking approval has been labeled a sexual offender or a sexual predator by any governmental or quasi-governmental agency regardless of when that label occurred;

(iii) The Person seeking approval is currently on probation or community control for a felony involving violence to another or damage to or theft of property;

(iv) The application for approval on its face, facts discovered in connection with the Association's investigation, or the conduct of the applicant, indicate that the Person seeking approval intends to conduct himself or herself in a manner inconsistent with the Governing Documents. By way of example, but not limitation, a tenant taking possession of the premises prior to approval by the Association as provided for herein shall constitute a presumption that the applicant's conduct is inconsistent with the Governing Documents and may constitute grounds for denial;

(v) The Person seeking approval has a history of disruptive behavior or disregard for the rights and property of others as evidenced by his or her conduct in other housing facilities or associations, or by his or her conduct in this Community as a tenant, resident, occupant or guest;

(vi) The Owner or Person seeking approval has failed to provide the information, fees or appearances required to process the application in a timely manner or has made material misstatements or withheld material/information during the application process; or

(vii) All Assessments, fines and other charges and monetary obligations against the Parcel and/or Owner have not been paid in full.

(d) **Liability.** The liability of the Owner under the Governing Documents shall continue notwithstanding the fact that he or she may have leased or rented his or her interest in the Living Unit as provided herein.

(e) **Association Fee.** The Owner or Tenant seeking approval of a lease of a Living Unit shall pay a transfer fee for each applicant in an amount determined by the Board.

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Proposed Amendment No. 8: Article XI, Section 15 of the Revived and Restated Declaration of Covenants and Restrictions shall read as follows:

SECTION 15. Limitations on Ownership. No individual shall hold any interest in more than two (2) Lots in this subdivision. No individual shall hold any interest in any non-natural person entity which has any interest, directly or indirectly, jointly or individually, in one or more Lots at this subdivision, which interest held by said individual when combined with any other interest hold in any Lot in this subdivision or other non-natural person entity by said individual exceeds an interest in two Lots in this subdivision.

For purposes of this Section 15, ownership interests shall be aggregated only when a person has a direct or indirect beneficial ownership interest in, or exercises control over multiple Lots. Such interests shall include, without limitation: Lots owned individually or jointly by such person; Lots owned through a trust, corporation, limited liability company, partnership, or other legal entity in which such person possesses a direct or indirect ownership, beneficial, voting, managerial, or controlling interest; and Lots held by a nominee, agent, or other person or entity for the benefit of, or under the control of, such person. This prohibition shall include, without limitation, Lots owned individually, jointly or through his or her spouse, roommate, a “straw man”, or otherwise, or a corporate entity as a partner, officers, director, shareholder, trustee, beneficiary or employee of any partnership, corporation, company, trust or any other type of entity owning any ownership interest in or to a Lot.

Husband and wife combinations and individuals residing at the same physical location are deemed, for the purpose of this restriction, to be one individual. For purposes of this Section 15, spouses owning Lots jointly or separately shall be deemed a single owner. However, ownership interests shall not be aggregated solely because individuals are related by blood, marriage, or adoption, unless the Association reasonably determines that such ownership structure is being used to evade the restrictions set forth in this Section. This prohibition against ownership of more than two Lots will not apply to any ownership as of the date of adoption of this amendment, but said parties may not thereafter acquire additional Lots or replace sold or transferred Lots in this subdivision until their ownership, as defined above, falls below two Lots. The provisions of this subsection shall not apply to institutional mortgagees acquiring title to a Lot by foreclosure or voluntary conveyance to avoid foreclosure.

(a.) Approval of Sales and Title Transfers. In order to maintain a community of congenial Owners who are financially responsible, and thus protect the value of the Lots, the use and transfer of Lots by any Owner shall be subject to the following provisions as long as the Community exists upon the land, which provisions each Owner covenants to observe:

(i.) Forms of Ownership by Individuals. A Lot may be owned by one (1) natural Person who has qualified and been approved as elsewhere provided herein.

(ii.) Co-Ownership. Co-ownership of Lots may be permitted. If the co-owners are other than spouses or domestic partners, the Board shall condition its approval upon the designation of one (1) approved natural person as “Primary Occupant.” Two (2) persons may, in the discretion of the Board and upon request, be each designated as “Primary Occupants” so long as such persons are spouses or domestic partners. The intent of this provision is to allow flexibility in estate, financial, or tax planning, and not to create circumstances in which the Lot may be used as a short-term or transient accommodations for several entities, individuals or families as a timeshare, a shared Lot, fractional ownership, or used as guest accommodations for employees,

customers, or guests of Lots owned by business entities, religious, or charitable organizations, and the like. The use of the Lot by other persons shall be as if the Primary Occupant was the only actual Owner. Any changes in the Primary Occupant shall be treated as a transfer of ownership by sale or gift subject to the provisions of the Governing Documents. No more than one (1) change in Primary Occupant will be approved in any twelve (12) month period, except in the case of the death of the Primary Occupant. Any new Primary Occupant shall be subject to review and approval by the Association in the same manner as a transfer of title. No time share estates may be created. "Home Sharing" by multiple families and "Fractional Ownership" are prohibited.

(iii.) Ownership by Corporations, Partnerships, Limited Liability Companies, Trusts, or Other Artificial Entities. A Lot may be owned in trust, or by a corporation, partnership, limited liability company, or other entity which is not a natural Person, if approved in the manner provided elsewhere herein. The intent of this provision is to allow flexibility in estate, financial, or tax planning, and not to create circumstances in which the Lot may be used as a short-term or transient accommodations for several entities, individuals or families as a timeshare, a shared Lot, fractional ownership, or used as guest accommodations for employees, customers, or guests of Lots owned by business entities, religious, or charitable organizations, and the like. The approval of a partnership, trustee, corporation, limited liability company, or other entity as an Owner shall be conditioned upon designation by the Owner of one (1) natural Person to be the "Primary Occupant." The use of the Lot by other persons shall be as if the Primary Occupant were the only actual Owner. The Primary Occupant shall be the person entitled to vote on behalf of the Lot, exercise rights of membership, and discharge the responsibilities incident thereto. Any change in this Primary Occupant shall be treated as a transfer of ownership by sale or gift subject to the provisions of the Governing Documents. No more than one (1) change in designation of Primary Occupant will be approved in any twelve (12) month period, except in the case of the death of the Primary Occupant. Any new Primary Occupant shall be subject to review and approval by the Association in the same manner as a transfer of title.

(iv.) Life Estate. A Lot may be subject to a life estate, either by operation of law or by a voluntary conveyance approved as provided below. In that event, the life tenant shall be the only Member from such Lot, and occupancy of the Lot shall be as if the life tenant were the only Owner. Upon termination of the life estate, the holders of the remainder interest shall have no occupancy right unless separately approved by the Association. The life tenant shall be liable for all Assessments and Charges against the Lot. Any vote, consent or approval required by the Governing Documents or law may be given by the life tenant alone, and the vote, consent or approval of the holders of the remainder interest shall not be required. If there is more than one (1) life tenant, they shall be treated as co-owners for purposes of determining voting and occupancy rights.

(b.) Transfers Subject to Approval.

(i) Sale or Other Transfer. No Owner may dispose of a Lot or any interest in same by sale or other title transfer without prior written approval of the Board. No Owner may dispose of a Lot or any interest therein by other means (including agreement for deed, installment sales contract, lease-option, or other similar transactions) without prior written approval by the Board. Review and approval of transfer applications may be delegated to an Officer, a Committee,

or an agent, provided that approval of a transfer shall not be denied, unless approved by a majority of the Board.

(ii) **Gift.** If any Owner is to acquire his or her title by gift, his or her ownership of his or her Lot shall be subject to the prior approval of the Board. Notice must be given at least thirty (30) days prior to the intended closing or title transfer date.

(iii) **Devise or Inheritance.** If any Person shall acquire his or her title by devise, inheritance or through other succession laws, the continuance of his or her ownership of his or her Lot shall be subject to the approval of the Board.

(iv) **Other Transfers.** If any Owner shall acquire his or her title by any manner not considered in the foregoing subsections, the continuance of his or her ownership of such Lot shall be subject to the approval of the Board. If any Person acquires title in any manner not considered in the foregoing subsections, that Person shall have no right to occupy or use the Lot before being approved by the Board under the procedures outlined below.

(c.) **Approval by Association.** The approval of the Association that is required for the transfer of ownership of Lots shall be obtained in the following manner:

(i) **Notice to Board of Directors.**

1. **Sale or Other Transfer.** An Owner intending to make a bona fide sale or other title transfer of his or her Lot or any interest in it, including gifts, transfers to artificial entities, and the grant of partial estates, shall give to the Board notice of such intention, together with the name and address of the intended grantee, an executed copy of the purchase contract and its exhibits, or other documentation evidencing the transfer and such other information concerning the intended grantee and the transaction as the Board may reasonably require. The Board may require, without limitation, credit history, a criminal background investigation, past residency or employment verification, personal references, and a personal interview with the purchaser(s) and all proposed occupants. Any person who resides in a Lot after initial approval shall be subject to a separate approval process.

2. **Devise or Inheritance.** An Owner who has obtained his or her title by devise or inheritance, or operation of succession laws, shall give to the Board notice of the acquiring of his or her title, together with such information concerning the Owner as the Board may reasonably require (including that set forth in Section 15(c)(i)1. hereof), and a certified copy of the instrument evidencing the Owner's title.

3. **Failure to Give Notice.** If the above-required notice to the Board is not given, then at any time after receiving knowledge of a transaction or event transferring ownership or possession of a Lot, the Board at its election and without notice may approve or disapprove the transaction or ownership. If the Board disapproves the transaction or ownership, the Board shall proceed as if it had received the required notice on the date of such disapproval.

(ii) Approval by Association.

1. Sale or Other Title Transfer. If the proposed transaction is a sale or other prospective title transfer, then within thirty (30) days after receipt of such notice and information, including a personal interview if requested by Board, the Board must either approve or disapprove the proposed transaction.

2. Devise or Inheritance. If the Owner giving notice has acquired his or her title by devise, inheritance, or through succession law, then within thirty (30) days after receipt of such notice and information, including a personal interview if requested by the Board, the Board must either approve or disapprove the continuance of the Owner's ownership of his or her Lot.

3. Approval of Occupant. If the grantee is a corporation, partnership, trust, limited liability company, other entity, or more than one (1) individual who are not spouses, the approval of ownership by the corporation, partnership, trust, other entity, or multiple Persons shall be conditioned upon approval of a Primary Occupant.

(d) Disapproval by Board of Directors. If the Board shall disapprove a transfer or continuance of ownership of a Lot, the matter shall be disposed of in the following manner:

(i) Sale or Other Arms-Length Transaction to Bona Fide Third Party. If the proposed transaction is a sale or other arms-length transfer to a bona fide third party purchaser, and has been disapproved without good cause, then within thirty (30) days after receipt of such notice and information, the Association shall deliver or mail by certified mail to the Owner an agreement to purchase the Lot concerned by a purchaser approved by the Board, or the Association itself, who will purchase and to whom the Owner must sell the Lot upon the following terms:

1. At the option of the Association to be stated in the agreement, the price to be paid shall be that stated in the disapproved contract to sell or shall be the fair market value determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two (2) appraisers, one (1) of whom shall be appointed by the Owner and the other of whom shall be appointed by the Association, who shall base their determination upon an average of their appraisals of the Lot; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be shared by the parties.

2. The purchase price shall be paid in cash. The sale shall be closed within thirty (30) days after the delivery or mailing of the agreement to purchase, or within ten (10) days after the determination of the sale price if such is by arbitration, whichever is the later. If the Association shall fail to itself purchase the Lot, or provide a purchaser, or if a purchaser furnished by the Association or the Association shall default in his, her, or their agreement to purchase, then notwithstanding the disapproval, the proposed transaction shall be deemed to have been approved, and the Association shall furnish a certificate of approval.

(ii) Gifts; Devise; Inheritance; Familial Transfers. If the Owner giving notice has acquired or will acquire his or her title by gift, devise, inheritance, or succession laws or in any other manner, and if the Board wishes to disapprove the transfer or continuance of

ownership without good cause, then within thirty (30) days after receipt from the Owner of the notice and information required to be furnished, the Association shall deliver or mail by certified mail to the Owner an agreement to purchase the Lot concerned by a purchaser approved by the Board (including the Association itself) who will purchase and to whom the Owner must sell the Lot upon the following terms:

1. The sale price shall be the fair market value determined by agreement between the grantor and grantee within thirty (30) days from the delivery or mailing of such agreement. In the absence of agreement as to price, or where transfers are made for less than bona fide value, the price shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two (2) appraisers, one (1) of whom shall be appointed by the Association and the other of whom shall be appointed by the Owner, who shall base their determination upon an average of their appraisals of the Lot; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be shared by the parties.

2. The purchase price shall be paid in cash. The sale shall be closed within ten (10) days following the determination of the sale price. If the Association shall fail to purchase the Lot or provide a purchaser, or if the Association or a purchaser furnished by the Association shall default in his, her, or their agreement to purchase, then notwithstanding the disapproval, such transfer ownership shall be deemed to have been approved, and the Association shall furnish a certificate of approval as elsewhere provided.

(iii) **Disapproval for Good Cause.** Disapproval of title transfers or the continuation of ownership pursuant to this Section 15(d)(iii) shall be made by the Board if it is determined that the potential Owner does not facially qualify for membership in the Association, or if the proposed transaction will result in a violation of the Governing Documents. Only the following may be deemed to constitute good cause for disapproval on the grounds that the proposed purchaser does not facially qualify for membership in the Association or the proposed transaction will result in a violation of the Governing Documents:

1. The application for approval on its face, or subsequent investigation thereof, indicates that the Person seeking approval (which shall hereinafter include all proposed occupants or residents) intends to conduct himself or herself in a manner inconsistent with the Governing Documents;

2. Approval of the title transfer would result in a violation of the limitation on ownership of Lots per this Section 15.

3. The Person seeking approval has been convicted of, pled no contest to, or has been released from incarceration, probation or community control for:

a. a capital, first or second degree felony involving violence to Persons within the past ten (10) years; or

b. a first or second degree felony involving illegal drugs within the past ten (10) years; or

c. any drug offense involving the manufacture and/or distribution of illegal drugs regardless of when that conviction, plea or release occurred; or

d. a felony involving sexual battery, sexual abuse, or lewd and lascivious behavior regardless of when that conviction, plea or release occurred;

4. The Person seeking approval has been labeled a sexual offender or a sexual predator by any governmental or quasi-governmental agency regardless of when that label occurred;

5. The Person seeking approval is currently on probation or community control for a felony involving violence to another or damage to or theft of property;

6. The Person seeking approval has a record of financial irresponsibility, including without limitation prior foreclosures or bad debts such that the Board reasonably concludes that the applicant is unable to meet his or her financial obligations to the Association;

7. The Person seeking approval failed to provide the information, fees or appearance required to process the application in a timely manner, or has made material misstatements or withheld material/information during the application process; or

8. All Assessments and other charges against the Lot have not been paid in full, unless the Association has reasonable assurances that said amounts will be paid out of the closing proceeds.

If the Board disapproves a transfer for good cause, the Association shall have no duty to purchase the Lot or furnish an alternate purchaser, and the transaction shall not be made, or if made, shall be rescinded in the manner determined by the Board. The ability to conduct background investigations and the extent of such investigation, if any, shall be as determined by the Board in its discretion.

(e) **Transfer Fee.** The Association may charge a processing fee for the review/approval of transfers of title.

(f) **Exceptions.** The foregoing provisions of this section entitled “Approval of Sales and Title Transfers” shall not apply to a transfer to or purchase by a bank, life insurance company, savings and loan association, or other bona fide mortgagee that acquires its title as the result of owning a purchase money first mortgage upon the Lot concerned; this shall be so whether the title is acquired by deed from the mortgagor or through foreclosure proceedings. Further exempt shall be purchasers at tax deed sales, judicial sales, and governmental levies. However, a transferee from a first mortgagee or other exempt acquirer of title shall be required to be approved by the Association as a condition of ownership and holding title to a Lot.

(g) **Unauthorized Transactions.** Any sale, lease, mortgage or other transfer of ownership or possession not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Association.
