

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Amendment, filed on December 15, 1997, to Articles of Incorporation for PALM HARBOR HOMEOWNERS ASSOCIATION, INC. which changed its name to COVINGTON PARK HOMEOWNERS ASSOCIATION, INC., a Florida corporation, as shown by the records of this office.

The document number of this corporation is N94000001171.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Nineteenth day of December, 1997



CR2EO22 (2-95)

Sandra B. Northam

Sandra B. Northam
Secretary of State

RESOLUTION OF BOARD OF DIRECTORS

PALM HARBOR HOMEOWNERS ASSOCIATION, INC.

IT IS RESOLVED, AS FOLLOWS:

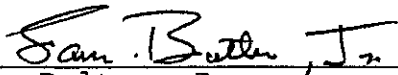
1. That the Board of Directors of Palm Harbor Homeowners Association, Inc., a Florida corporation, has determined that it is in the best interest of the corporation to cause the Articles of Incorporation of the corporation to be amended by changing the corporate name to COVINGTON PARK HOMEOWNERS ASSOCIATION, INC.; and
2. That the President and Secretary be and they are hereby authorized and directed to execute Articles of Amendment of the Articles of Incorporation and to have said instrument filed in the offices of the Secretary of State in Tallahassee, Florida; and
3. That the Secretary be and he is hereby authorized to execute a Certificate of Amendment of the Bylaws of this corporation evidencing the change of the corporate name as authorized hereby and to affix said certificate to the bylaws of this corporation; and
4. That the President and Secretary be and they hereby are authorized and directed to execute any further documents, pay the necessary fees and costs, and do any and all things that may be necessary to effectuate the foregoing resolutions.

Dated: DECEMBER 2, 1997

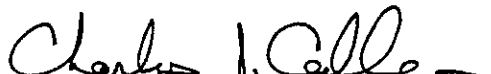
PALM HARBOR HOMEOWNERS ASSOCIATION, INC.



Nicolas Amaro



Sam Bulter, Jr.



Charles Callea

ARTICLES OF AMENDMENT

PALM HARBOR HOMEOWNERS ASSOCIATION, INC.

FILED
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SECRETARY OF STATE
TALLAHASSEE FLORIDA

1. The following provisions of the Articles of Incorporation of PALM HARBOR HOMEOWNERS ASSOCIATION, INC., a Florida corporation, filed in Tallahassee on March 3, 1994, be and they hereby are amended in the following particulars:

Article I be and it hereby is amended to read as follows:
"The name of the corporation is COVINGTON PARK HOMEOWNERS ASSOCIATION, INC., and its duration shall be perpetual. Its address shall be 1 Corporate Drive, Palm Coast, Florida 32151."

2. There are no members of Palm Harbor Homeowners Association, Inc. entitled to vote on this amendment.

3. The foregoing amendment was adopted by the Directors of the corporation on the 2nd day of DECEMBER, 1997.

IN WITNESS WHEREOF, the undersigned President and Secretary of this corporation have executed these Articles of Amendment this 2nd day of DECEMBER, 1997.

PALM HARBOR HOMEOWNERS ASSOCIATION, INC.

By: Nicolas Amaro
Nicolas Amaro, President

Attest: Sam Butler, Jr.
Sam Butler, Jr., Secretary

STATE OF FLORIDA
COUNTY OF FLAGLER

BEFORE ME, the undersigned authority, personally appeared Nicolas Amaro and Sam Butler, Jr., President and Secretary, respectively of PALM HARBOR HOMEOWNERS ASSOCIATION, INC., a Florida corporation, known to me to be the persons who executed the foregoing Articles of Amendment and they acknowledged before me that they executed such instrument for the purposes therein stated. They are personally known to me and did not take an oath.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 2nd day of DECEMBER, 1997.

Victoria P. Gard
Notary of Public, State of Florida
My Commission Expires:



Victoria P. Gard
MY COMMISSION # CC553028 EXPIRES
June 1, 2000
BONDED THRU TROY FAIN INSURANCE, INC.

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of PALM HARBOR HOMEOWNERS ASSOCIATION, INC., a Florida corporation, filed on March 3, 1994, as shown by the records of this office.

The document number of this corporation is N94000001171.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Ninth day of March, 1994

A handwritten signature in cursive script that reads "Jim Smith".

Jim Smith
Secretary of State



CR2EO22 (2-91)

ARTICLES OF INCORPORATION

OF

PALM HARBOR HOMEOWNERS ASSOCIATION, INC.

(A Florida corporation not for profit)

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84 MAR -3 AM 11:18
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

OFF 0512 PAGE 1317
REC

The undersigned, by these Articles, associate themselves for the purpose of forming a corporation not for profit under Chapter 617, Florida Statutes, and certify as follows:

EXPLANATION OF TERMINOLOGY

A. The terms contained in these Articles of Incorporation shall have the meaning of such terms set forth in the Declaration and General Protective Covenants for Palm Harbor Homeowners Association (the "Declaration").

B. "Association" as used herein shall mean and refer to the Palm Harbor Homeowners Association, Inc., a Florida corporation not for profit, the corporation formed by these Articles, its successors or assigns.

ARTICLE I

NAME/DURATION/PRINCIPAL OFFICE

The name of the corporation is PALM HARBOR HOMEOWNERS ASSOCIATION, INC.. Its duration shall be perpetual. The address of the principal office and mailing address shall be 1 Corporate Drive, Palm Coast, Florida 32151.

ARTICLE II

PURPOSE AND POWERS

The purpose of this corporation is to provide for a unified effort in protecting the value of the property of the Members of the Association, in accordance with the Declaration recorded (or to be recorded) in the Public Records of Flagler County, Florida, and any Supplemental Declaration filed in accordance therewith. The Association shall exercise all the powers and privileges and perform all of the duties and obligations of the corporation as defined and set forth in these Articles, the Bylaws, and the Declaration. The Association shall also have all powers granted by statutory and common law not in conflict with the terms of the Declaration and these Articles, and terms, conditions, covenants and restrictions wherever recorded that pertain to the Committed Property (as that term is defined in the Declaration), as are

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Exhibit B

to

Declaration and General Protective Covenants

for

Palm Harbor Homeowners Association

recorded in the Office of the Clerk of the Circuit Court in and for Flagler County, Florida. The powers of the Declaration include the establishment and enforcement of the payment of charges or assessments contained therein (including the assessment and collection of assessments adequate to defray the costs of maintenance and operation of the surface water and stormwater management system), the operation, maintenance and management of the surface water and stormwater management systems in the Committed Property in a manner consistent with the St. Johns River Water Management District Permit # MSSW 4-035-0044 requirements and applicable District rules, and to assist in the enforcement of the restrictions and covenants contained therein, and the power to contract for the management of the Association and engagement in such other lawful activities as may be to the mutual benefit of the Members and their property.

The Association is not organized for profit and no part of the net earnings, if any, shall inure to the personal benefit of any Member or individual person, firm or corporation.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS
IN THE ASSOCIATION

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is or is at any time made subject to the Declaration shall be a Member of the Association. Membership shall be appurtenant to and inseparable from ownership of a Lot. When any one Lot is owned by more than one person, firm, individual, corporation or other legal entity, the composite title holder shall be and constitute one Member of the Association. Any person, firm, individual, corporation or legal entity owning more than one Lot shall be as many Members as the number of Lots owned. Membership in the corporation and transfer thereof shall be upon such terms and conditions as provided in the Declaration and Bylaws.

Section 2. Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all of those Owners as defined in Section 1, with the exception of Declarant. The Class A Members shall be entitled to one (1) membership interest and one (1) vote for each Lot in which they hold the interests required for membership by Section 1.

Class B. Class B Members shall be Declarant, including any of its subsidiaries, to which Declarant may transfer title. The Class B Member shall be entitled to ten (10) membership interests and ten (10) votes for each Lot in which it holds the interest required for membership pursuant to Section 1.

OFF REC 0512 PAGE 1319

The Class B Member shall be entitled to elect a majority of the Board of Directors until such time that the last Lot within the Association owned by Declarant has been sold and conveyed by Declarant. Upon the transfer of title of any Lot from Declarant to an Owner other than to one of Declarant's subsidiaries or assigns, the Class B membership interest for that Lot shall automatically be converted to a Class A membership interest.

Notwithstanding any provision to the contrary, Declarant, or its duly authorized subsidiary, shall have the right to elect a majority of the Board of Directors of such Association until such time as Declarant no longer holds the title to any Lot in the Committed Property. A transfer of title from Declarant to one of its subsidiaries does not constitute a transfer of title under this paragraph, and any subsidiary of Declarant shall have the same rights to Class B membership as Declarant.

ARTICLE IV BOARD OF DIRECTORS

The affairs of the corporation shall be managed by the Board of Directors consisting of not less than three (3) nor more than seven (7) persons. Directors need not be Members of the corporation. The number of persons who are to serve initially on the Board of Directors until the first annual meeting thereof shall be three (3) and their names and addresses are as follows:

Steven Tubbs, 1 Corporate Dr., Palm Coast, FL 32151

Jose Levy, 1 Corporate Dr., Palm Coast, FL 32151

William Beam, 1 Corporate Dr., Palm Coast, FL 32151

ARTICLE V OFFICERS

Section 1. Indemnity. The Association shall indemnify any person who was or is a party to any pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is or was a Director, employee, officer or agent of the Association, against expenses (including attorneys' fees and appellate attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. However no indemnification shall be made in

respect to any claim, issue or matter in which such person shall have been adjudged to be liable for gross negligence or misfeasance or malfeasance in the performance of his or her duty to the Association. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Approval. Any indemnification under Section 1 above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director, officer, employee or agent is proper under the circumstances because he or she has met the applicable standard of conduct set forth in Section 1 above. Such determination shall be made (a) by the Board of Directors by a majority vote of the Directors who were not parties to such action, suit or proceeding, or (b) if a majority of disinterested Directors so directs, by independent legal counsel in a written opinion or by a majority vote of the members.

Section 3. Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of said action, if it is authorized by the Board of Directors in the specific case. Provided, the Board must first request an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized in this Article.

Section 4. Miscellaneous. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaw, agreement, vote of Members or otherwise.

Section 5. Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association, insuring against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article.

ARTICLE VII
SUBSCRIBERS

The following person hereby subscribes to these Articles of Incorporation:

ITT Community Development Corporation

The office address of the subscriber is:

1 Corporate Dr.
Palm Coast, FL 32151

ARTICLE VIII
BYLAWS

The Bylaws shall be adopted by the Board of Directors. Prior to the first annual meeting, the Bylaws may be amended, altered or rescinded by the unanimous vote of all Directors. As set forth in the Bylaws, the Bylaws may thereafter be adopted, amended, altered or rescinded only with the approval of not less than eighty (80%) percent of all the Directors or not less than fifty-five (55%) percent of the Members of the Association. Provided, that no amendment shall be effective which would affect the rights of the Class B Member without the approval of said Member.

The Bylaws shall include the time and place for annual meetings and for regular and special meetings, quorum requirements, the manner for electing directors and officers and voting requirements.

ARTICLE IX
AMENDMENT OF ARTICLES

Section 1. Before Recording Declaration. Prior to the recording of the Declaration amongst the Public Records of Flagler County, Florida, these Articles may be amended only by an instrument in writing signed by all of the Directors and filed in the Office of the Secretary of State of the State of Florida. The instrument amending these Articles shall identify the particular Article or Articles being amended and a certified copy of each amendment shall be attached to any certified copy of these Articles and shall be an Exhibit to a Declaration upon recording of the Declaration.

Section 2. After Recording Declaration. When the Declaration has been recorded amongst the Public Records of Flagler County, Florida, these Articles may be amended by the following methods:

A. At a duly called meeting of the Board of Directors, which may be either the Annual Meeting, or a special meeting, by the

OFF REC 0512 PAGE 1322

affirmative vote of not less than eighty (80%) percent of all Directors;

B. At a duly called meeting of Members, which may be either the Annual Members Meeting, or a special meeting, by the affirmative vote of not less than seventy-five (75%) percent of the Members of the Association.

C. An Amendment may be adopted by a written statement signed by not less than eighty (80%) percent of all Directors or seventy-five (75%) percent of all Members setting forth their intention that an amendment to these Articles be adopted.

Section 3. Class B Approval. No amendment to these Articles shall be effective which would affect the rights of the Class B Member without the approval of such Member.

Section 4. Conflict. In case of any conflict between these Articles of Incorporation and the Bylaws, these Articles shall control; and in case of any conflict between these Articles of Incorporation and Declaration, the Declaration shall control.

ARTICLE X
INITIAL REGISTERED OFFICE AND AGENT

The street address of the initial registered office of this Corporation is 1 Corporate Drive, Palm Coast, Florida 32151, and the name of the initial registered agent of this Corporation is James E. Gardner.

ARTICLE XI
DISSOLUTION

The Association may be dissolved, consistent with the applicable provisions of Florida Statutes, upon petition having the assent given in writing and signed by not less than three-fourths (3/4) of each class of Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be disposed of in accordance with the Declaration.

ARTICLE XII
NO STOCK OR DIVIDENDS

There shall be no dividends to any of the Members. This corporation shall not issue shares of stock of any kind or nature whatsoever.

The undersigned, being the subscriber hereto, does hereby subscribe to these Articles of Incorporation and in witness whereof has caused its duly qualified officers to execute this document and affix its corporate seal this 28th day of February, 1994.

OFF REC 0512 PAGE 1323

WITNESSES:

ITT COMMUNITY DEVELOPMENT CORPORATION

Debra K. Biggs

By: James E. Gardner
President

Victoria P. Gard

Attest: John J. [Signature]
Secretary

(CORPORATE SEAL)

STATE OF FLORIDA
COUNTY OF FLAGLER

The foregoing instrument was acknowledged before me this 28th day of February, 1994 by James E. Gardner and Robert G. Cuff, the President and Secretary of ITT Community Development Corporation, a Delaware corporation, on behalf of the corporation. They are personally known to me and did not take an oath.

Victoria P. Gard
Notary Public

My Commission Expires:

My Commission Number is:



VICTORIA P. GARD
MY COMMISSION # CC 202009 EXPIRES
June 1, 1996
BONDED THRU TROY FAIR INSURANCE, INC.

ACCEPTANCE BY REGISTERED AGENT

Having been named to accept service of process for the above stated corporation, at place designated in this certificate, I hereby accept the appointment in this capacity, and agree to comply with the provision of said Act relative to keeping open said office. I am familiar with, and accept, the obligations of a registered agent provided for in Chapter 617, Florida Statutes (1990).

OFF REC 0512 PAGE 1324

By: *James E. Gardner*
JAMES E. GARDNER (Registered Agent)

STATE OF FLORIDA)
)
COUNTY OF FLAGLER)

I HEREBY CERTIFY that on this day before me, a Notary Public duly authorized in the State and County named above to take acknowledgements, personally appeared James E. Gardner, to me known to be the person described therein, and he acknowledged before me that he executed the above Acceptance for the purposes therein expressed. He is personally known to me and did not take an oath.

WITNESS my hand and official seal in the County and State named above this 22nd day of February, 1994.

Victoria P. Gard
NOTARY PUBLIC

[SEAL]

My Commission Expires:

My Commission Number is:

C:\WP51\OAKS\ARTICLES rev: 2-17-94



VICTORIA P. GARD
MY COMMISSION # CG 202009 EXPIRES
June 1, 1996
BONDED THROUGH TRACY FIN INSURANCE, INC.

BYLAWS OF

PALM HARBOR HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

GENERAL

Section 1. Identity: The name of the corporation shall be PALM HARBOR HOMEOWNERS ASSOCIATION, INC., which is a corporation not for profit organized for the purpose of managing, operating and administering the Palm Harbor Homeowners Association to be established on the real property more fully described in the Declaration and General Protective Covenants for Palm Harbor Homeowners Association (hereinafter called "Declaration"), as recorded in the Public Records of Flagler County, Florida.

Section 2. The Principal Office: The initial principal office of the corporation shall be 1 Corporate Drive, Palm Coast, Florida 32151, or at such other place as may be subsequently designated by the Board of Directors.

Section 3. Definitions: The terms contained in these Bylaws shall have the meaning of such terms set forth in the Declaration. "Association" as used herein shall mean and refer to the Palm Harbor Homeowners Association, Inc., a Florida corporation not for profit, its successors and assigns.

ARTICLE II

DIRECTORS

Section 1. Number and Term: The number of directors which shall constitute the whole Board shall not be less than three (3) persons and may be increased from time to time by the members of the Board, provided the total number of members does not exceed seven (7). Directors need not be Members of the Association.

The initial Board of Directors shall be appointed by Declarant and shall hold office and exercise all powers of the Board of Directors until such time that they resign or are replaced by other Directors appointed by Declarant or are joined or replaced by Directors elected by the Members as follows:

At such time as Owners other than Declarant own thirty-five (35%) percent or more of the Dwelling Units that will be operated ultimately by the Association, the Owners other than Declarant shall be entitled to elect not less than one-third (1/3) of the Members of the Board of Directors of the Association.

Nevertheless, Declarant shall be entitled to elect a majority of the Board of Directors as long as it holds title to any portion of the Committed Property.

Exhibit C

to

Declaration and General Protective Covenants

for

Palm Harbor Homeowners Association

OFF REC 0512 PAGE 1325

REC 0512 PAGE 1326

After the initial election of a Director to the Board by the Members, in accordance with the terms above, non-appointed Directors shall be elected at the annual meeting of the Members and each Director shall be elected to serve for the term of one (1) year or until his or her successor shall be elected and shall qualify.

Section 2. Removal: Except for any Directors appointed by Declarant, a Director may be removed from office with or without cause by the vote or agreement in writing of a majority of the Members. Provided, before any Director is removed from office, he or she shall be notified in writing that a motion to remove him or her will be made prior to the meeting at which said motion is made. Such Director shall be given an opportunity to be heard at such meeting, should he or she be present, prior to the vote of his or her removal.

A Director elected or appointed by Declarant may be removed at any time by Declarant, who shall thereupon designate the successor Director.

Section 3. Vacancy and Replacement: If the office of any Director or Directors other than Directors appointed by Declarant, becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, at a special meeting of Directors duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which vacancy occurred. Any Director unable to attend said special meeting may vote by proxy or absentee ballot. Said proxy or ballot shall be in writing and be signed by the Director and, in addition, this proxy shall designate the person to vote the proxy. All proxies shall be filed with the President or Secretary of the Board of Directors prior to the special meeting.

If the office of any Director appointed by Declarant becomes vacant, Declarant shall thereupon designate the successor Director.

Section 4. Powers: The property and business of the corporation shall be managed by the Board of Directors which may exercise all corporate powers not specifically prohibited by law, the Declaration, the Articles of Incorporation, or that, by these Bylaws is directed or required to be exercised or done by the Members. These powers shall specifically include, but not be limited to, the following:

- a. To levy upon the Members assessments as are necessary for anticipated current Operating Expenses of the Association. The Board of Directors may increase the assessments or vote a special assessment in excess of that amount, if required, to meet any necessary additional expenses, but said increase can only be made in accordance with the Articles of Incorporation, the Declaration,

or these Bylaws.

b. To use and expend the assessments collected to maintain, care for and preserve the Common Area and portions of the Dwelling Units, as provided in the Declaration, or to otherwise carry out the intent of the Declaration;

c. To pay taxes and assessments levied and assessed against any real property the Association might own and to pay for such equipment and tools, supplies and other personal property purchased for use in such maintenance, care and preservation;

d. To enter into and upon the Dwelling Units when necessary and at as little inconvenience to the Owner as possible in connection with such maintenance, care and preservation. For the purpose of preservation, care and restoration of Association property, each Dwelling Unit is subject to a perpetual easement to the then existing Board of Directors, or its duly authorized agents, in the event of an emergency to enter into the Dwelling Unit if the necessities of the situation should require;

e. To repair, alter or replace any Association facilities, machinery or equipment;

f. To insure and to keep insured the Association-owned property against loss from public liability and to carry such other insurance as the Board of Directors may deem advisable; and, in the event of damage or destruction of real property, real or personal, covered by such insurance, to use the proceeds for repairs and replacement, all in accordance with the provisions of the Declaration;

g. To collect delinquent assessments by suit or otherwise; to abate nuisances; and to enjoin or seek damage from Owners for violations of the Declaration, the Articles of Incorporation, these Bylaws, or any Rules and Regulations adopted by the Board of Directors;

h. To employ such personnel, make such purchases and enter into such contracts as may be necessary or desirable in carrying out the operation and management of the Association.

i. To make, amend and repeal Rules and Regulations governing the operation, maintenance and management of the Association.

j. To open bank accounts and to borrow money on behalf of the Association and to designate the signatories to such bank accounts.

k. To enter into contracts for the management, maintenance and operation of the Association property.

OFF 0512 PAGE 1328
REC

1. To bring and defend actions by or against one or more Members as to matters relating to the Association, and to assess the Members for the cost of such litigation.

m. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees or Members, each of such committees to consist of at least one (1) Director, which, to the extent provided in said resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Association and may have power to sign all papers which may be required, provided the said resolution shall specifically so provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors, shall keep regular minutes of their proceedings, and shall report the same to the Board, as required.

n. Notwithstanding anything to the contrary contained in these Bylaws, so long as Declarant or its designee shall own any membership interest in the Association, the Board may not, without Declarant's prior written consent, (i) make any addition, alteration or improvement to the Committed Property, or (ii) assess any charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, or (iii) hire any employee when it results in a greater number of employees employed by the Association than in its prior fiscal year, or (iv) enter into any service or maintenance contract for work not being performed by the Association in its prior fiscal year, or (v) borrow money on behalf of the Association, or (vi) reduce the services performed by the Association in its prior fiscal year, or (vii) amend these Bylaws, the Articles of Incorporation, or the Declaration of Covenants and Restrictions.

Section 5. Compensation: Directors and officers shall serve without compensation.

Section 6. Meetings.

a. The first meeting of each Board after election by the Members of new Directors shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Directors shall be held at the same place as the annual Members' meeting, and immediately after the adjournment of same, at which time the dates, places and times of regularly scheduled meetings of the Board shall be set.

b. Regular meetings of the Board shall be held quarterly at such time and place as the Board shall fix from time to time.

c. Special meetings of the Board may be called by the President on two (2) days notice to each Director either personally

or by mail or telegram. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least two (2) Directors.

d. Meetings of the Board shall be open to all Members.

e. At all meetings of the Board, a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law, by the Declaration, by the Articles of Incorporation or by these Bylaws. If a quorum shall not be present in any meeting of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

f. Emergency Meeting: Any member of the Board, or the President, may call a meeting, without notice, for the purpose of considering any matter deemed to be an emergency.

g. Any meeting of the Board may be held by a telephone conference call, at which each member may hear, and be heard by all other members.

h. The joinder of a member of the Board in the action of a meeting may be by signing and concurring in the minutes of the proceedings of the Board. Such consent shall have the same effect as a unanimous vote.

i. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 7. Annual Statement: The Board shall present at the annual Members' meeting, and when called for by a vote of the Members at any special meeting of the Members, a full and clear statement of the business and condition of the Association, including an account of the financial transactions during the preceding fiscal year.

The Association shall maintain accounting records according to good accounting practices, which shall be open to inspection by Dwelling Unit Owners or their authorized representatives at reasonable times. Written summaries of said records shall be supplied at least annually to Dwelling Unit Owners or their authorized representatives.

ARTICLE III
OFFICERS

Section 1. Elective Offices: The officers of the Association need not be Members of the Association. They shall be chosen by the Directors and shall be a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may also choose one or more additional vice presidents, assistant secretaries, assistant treasurers, or other officers. No more than one Owner in each Dwelling Unit may be an officer at any one time.

Section 2. Time of Election: The Board of Directors at its first meeting after each annual meeting of general Members shall elect officers, none of whom, excepting the President, need be a Director.

Section 3. Appointive Offices: The Board may appoint such officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. Term: The officers of the Association shall hold office for a period of one (1) year or until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors shall serve at the pleasure of the Board and may be removed, at any time, by the affirmative vote of a majority of the whole Board. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board.

Section 5. The President and Vice President:

a. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Members and Directors, shall be ex-officio member of all standing committees, shall have general and active management of the business of the Association, and shall see that all orders and resolutions of the Board are carried into effect. The President shall be a member of the Board of Directors.

b. He shall execute bonds, mortgages, and other contracts requiring a seal, under the seal of the Association, except when the same are required or permitted by law to be otherwise signed and executed and except when the signing and execution thereof shall be expressly delegated by the Board of Directors to another officer or agent of the Association.

c. In the absence of the President, the Vice President shall perform the duties of the President.

Section 6. The Secretary:

a. The Secretary shall attend all sessions of the Board and all meetings of the Members and record all votes and the minutes of all proceedings in a book to be kept for that purpose. The Secretary shall perform like duties for the standing committees when required. The minutes book shall be kept in a businesslike manner and shall be available for inspection by Dwelling Unit Owners and the Board of Directors. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or the President, under whose supervision he or she shall serve. He or she shall keep in safe custody the seal of the Association, and, when authorized by the Board, shall affix the same to any instrument requiring it; and, when so affixed, the seal shall be attested by his or her signature or by the signature of the Treasurer or an Assistant Secretary.

b. Assistant Secretaries, in order of their seniority, shall, in the absence or disability of the Secretary, perform the duties and exercise the power of the Secretary and shall perform such other duties as the Board of Directors shall prescribe.

Section 7. Treasurer and Assistant Treasurer:

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

b. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, making proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meeting of the Board, or whenever they may require it, an account of all transactions by the Treasurer and of the financial condition of the Association.

c. Assistant Treasurers, in the order of their seniority, shall, in the absence or disability of the Treasurer, perform the duties, exercise the powers and assume the obligations of the Treasurer, and shall perform such other duties as the Board shall prescribe.

Section 8. Bonding of Corporate Officers: The Treasurer and all Assistant Treasurers, if any, the President and Secretary, shall be required to be bonded, in an amount to be determined by the Board, with a fiduciary bonding company licensed and authorized to transact business in the State of Florida. The cost of the premium for this bond shall be paid by the Association.

REC 0512 PAGE 1332

Section 9. Indemnification of Corporate Officers: Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding or any settlement thereof, to which he may be a party, or in which he may become involved, by reason of his being or having been an officer or Director of the Association, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all rights to which such officer or Director may be entitled.

ARTICLE IV
MEMBERSHIP AND VOTING PROVISIONS

Section 1. Membership: Membership in the Association shall be limited to record Owners of the Dwelling Units in the Palm Harbor Homeowners Association, as further defined herein and in Article III of the Articles of Incorporation of this Association and Article III of the Declaration. Transfer of ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership shall become titled in the transferee. If unit ownership is titled in more than one person, the composite title holder shall be and constitute one Member for voting purposes; however, all of the persons so owning said Dwelling Unit shall be Members eligible to hold office and attend meetings in accordance with these By-Laws.

Section 2. Rights and Obligations: The rights of membership are subject to the payment of assessments levied by the Association, the obligation of which assessment is imposed against each Owner of, and becomes a lien upon, the Dwelling Units against which such assessments are made, as provided in the Declaration. No Member shall have any vested right, interest or privilege in or to the assets, functions, affairs or facilities of the Association.

Section 3. Rules and Regulations: All present and future Members shall be subject to these Bylaws and to the rules and regulations issued by the Association to govern the conduct of its Members.

Section 4. Voting:

a. As set forth in the Declaration and in Article III of the Articles of Incorporation, the Owner(s) of each Dwelling Unit other than Declarant shall be entitled to one (1) vote per Dwelling Unit.

If a Dwelling Unit Owner other than Declarant owns more than one (1) Dwelling Unit, he or she shall be entitled to one (1) vote for each Dwelling Unit owned. Declarant shall be entitled to ten (10) votes for each Dwelling Unit owned, as set forth in the Articles of Incorporation.

b. A majority of the Owners' total votes present in person or by written proxy or absentee ballot, at any meeting at which a quorum is present, shall decide any questions, unless the Declaration, the Bylaws, or Articles of Incorporation of the Association provides otherwise.

Section 5. Proxies and Absentee Ballots: Votes may be cast in person, by absentee ballot or by proxy. All proxies and absentee ballots shall be in writing on forms approved by the Board of Directors and signed by the person entitled to vote (as set forth below in Section 6), and shall be filed with the Secretary prior to the meeting in which they are to be used, and shall be valid only for the particular meeting designated therein. Proxies shall also designate the person to vote the proxy and such person must be a "Voting Member" as such term is hereinafter defined. When a Dwelling Unit is owned jointly by a husband and wife, and if they have not designated one of them as a Voting Member, a proxy must be signed by both husband and wife when a third person is designated. No one person, other than Declarant, shall be designated to hold more than five (5) proxies for any purpose.

Section 6. Designation of Voting Member: If a Dwelling Unit is owned by one person, his right to vote shall be established by the recorded title to the Dwelling Unit. If a Dwelling Unit is owned by more than one person, the person entitled to cast the vote for the Dwelling Unit shall be designated in a certificate signed by all of the record Owners of the Dwelling Unit, and filed with the Secretary of the Association. If a Dwelling Unit is owned by an association or corporation, the officer or employee thereof entitled to cast the vote for the Association shall be designated in a certificate for this purpose, signed by the President or Vice President, attested to by the Secretary or Assistant Secretary of the Association, and filed with the Secretary of the Association. If a Dwelling Unit is owned by any other legal entity, the certificate shall be signed by any party permitted by law to execute documents on behalf of such entity. The person designated in such certificate who is entitled to cast the vote for a Dwelling Unit shall be known as the "Voting Member." If such a certificate is not on file with the Secretary of the Association for a Dwelling Unit owned by more than one person or by any legal entity, the vote of the Dwelling Unit concerned shall not be considered in determining the requirement for a quorum, or for any purpose requiring the approval of a person entitled to cast the vote for the Dwelling Unit, except if said Dwelling Unit is owned by a husband and wife. Such certificates shall be valid until revoked or until superseded by a subsequent certificate, or until there is

a change in the ownership of the Dwelling Unit concerned. If a Dwelling Unit is owned jointly by a husband and wife, the following three provisions are applicable thereto:

a. They may, but they shall not be required to, designate a Voting Member.

b. If they do not designate a Voting Member, and if both are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting. As previously provided, the vote of a unit is not divisible.

c. When they do not designate a Voting Member, and only one is present at a meeting, the person present may cast the vote individually, without establishing the concurrence of the absent person.

ARTICLE V
MEETINGS OF MEMBERSHIP

Section 1. Place: All meetings of the Association membership shall be held at the office of the Association, or may be held at such place and time as shall be stated in the notice thereof.

Section 2. Annual Meeting:

a. Regular annual meetings of the Members shall be held in each fiscal year, at such time, date and place as shall be determined by the Board of Directors.

b. All annual meetings shall be held at such hour as the Board of Directors may determine.

c. At the annual meeting, the Members shall elect a Board of Directors, as provided by these Bylaws and transact such other business as may properly be brought before the meeting.

d. Written notice of the annual meeting shall be served upon or mailed via regular mail to each Member entitled to vote at such address as appears on the books of the Association at least fourteen (14) days prior to the meeting. Notice of the annual meeting shall be posted at a conspicuous place on the Association property at least fourteen (14) days prior to said meeting.

Section 3. Special Meetings of Members:

a. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by law or by the Articles of Incorporation, may be called by the President, and shall be called by the President or Secretary at the request in writing of not less

REC 0512 PAGE 1334

than one-fourth (1/4) of the membership entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

b. Written notice of a special meeting of Members, stating the time, place and object thereof, shall be served upon or mailed, via regular mail, to each Member entitled to vote at such address as appears on the books of the Association at least five (5) days before such meeting.

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

Section 4. Quorum: Fifty-one percent (51%) of the total number of Members entitled to vote in the Association present in person or represented by written proxy or absentee ballot, shall be requisite to an shall constitute a quorum at all meetings of the Members for the transaction of business, except as otherwise provided by law, by the Articles of Incorporation, the Declaration or by these Bylaws. If, however, such quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote who are present in person or represented by written proxy or absentee ballot shall have the power to adjourn the meeting for not less than one (1) hour until a quorum shall be present or represented. If, when the meeting has been resumed and a quorum is not present or represented by proxy or absentee ballot, the Members entitled to vote thereat may be declare a quorum that shall constitute forty percent (40%) of the total number of Members entitled to vote. Any business may be transacted at the resumed meeting that could have ben transacted at the meeting as originally called.

Section 5. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of a majority of the Members entitled to vote, present in person or represented by written proxy or absentee ballot, shall decide any question brought before such meeting unless the question is one upon which, by express provision of law, the Articles of Incorporation, the Declaration or these Bylaws, a different vote is required, in which case, the express provision shall govern and control the decision of such question.

Section 6. Right to Vote: At any meeting of the Members, every Member having the right to vote shall be entitled to vote in person or by proxy or absentee ballot. Such proxy or absentee ballot shall only be valid for such meeting or adjournments thereof, must be in writing, signed by the Member, and filed with the Secretary prior to the meeting.

Section 7. Waiver and Consent: Whenever the vote of Members at a meeting is required or permitted by any provision of law, the Declaration, the Articles or these Bylaws to be taken in connection with any action of the Association, the meeting and vote of Members

may be dispensed with, if all the Members who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such action being taken.

Section 8. Rules of Procedure: Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with law, the Articles, the Declaration, or these Bylaws.

ARTICLE VI NOTICES

Section 1. Definition: Whenever under law the Articles, these Bylaws or the Declaration notice is required to be given to any Director or Member, it shall not be construed to mean personal notice; but, such notice may be given in writing, by mail, or by depositing the same in a post office or letter box. Mailed notices shall be in a postpaid, sealed wrapper, addressed to such Director or Member at such address as appears on the books of the Association.

Section 2. Service of Notice Waiver: Whenever any such notice is required to be given, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VII FINANCES

Section 1. Fiscal Year: The fiscal year shall be fixed by resolution of the Board of Directors and may be a calendar year, beginning on the first day of January in each year.

Section 2. Checks: All checks or drafts for money and notes of the Association shall be signed by any two of the following officers: President, Vice President, Secretary or Treasurer, or by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Assessments:

a. The Board of Directors of the Association shall, from time to time, at regular meetings or special meetings called for this purpose, fix and determine the sum or sums necessary and adequate for the continued operation of the Association. The Board shall determine the total amount required, including the Operating Expenses such as taxes on Association property, insurance, repairs, maintenance, operating capital, reserves for deferred maintenance, other reserves, and other expenses, and expenses designated as

Operating Expenses from time to time by the Board of Directors of the Association or under the provisions of the Declaration. The total annual Operating Expenses shall be assessed as a single sum against all Dwelling Units in the Association and prorated equally to each of said Dwelling Units, as further specified in the Declaration. Said assessments shall be payable quarterly in advance or as otherwise ordered by the Board. Special assessments, should such be required, shall be levied and paid in the same manner as hereinbefore provided for regular assessments. The Owner agrees to pay promptly when due all assessments assessed against his or her Dwelling Unit. Delinquent assessments will bear interest and late charges as set forth in the Declaration. No Member shall be personally liable for any debts of the Association whatsoever; however, Dwelling Unit Owners are personally liable for unpaid assessments as further set forth in the Declaration.

b. So long as Declarant is in control of the Board of Directors, the Board shall not impose an assessment which exceeds the previous year's assessment by more than 25% without approval of a majority of the Dwelling Unit Owners. In determining whether assessments exceed assessments in prior years by 25%, there shall be excluded in the computation any provision for reasonable reserves made by the Board of Directors in respect of repair or replacement of the Association property or in respect of anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis and there shall be excluded from such computation, assessment for betterments to the Association property or reserves, or assessments for betterments to be imposed by the Board of Directors.

Section 4. Accounts: There shall be established and maintained such bank account or accounts as the Board of Directors shall deem advisable, into which shall be deposited all assessments as fixed and determined for all Dwelling Units. Disbursements from said accounts shall be for the general needs of the Association, including, but not limited to, wages, repairs, betterments, maintenance and other expenses of the property of the Association.

Section 5. Association Expenses: The expenses for which the Members shall be liable as set forth in the Declaration shall be those costs and expenses deemed necessary or desirable by the Association for the operation and maintenance of the Association, including the Operating Expenses. Said expenses shall not include maintenance of the interior of a Dwelling Unit, nor any such other items for whose maintenance and repair a Dwelling Unit Owner is responsible. Such expenses shall include, but not be limited to, maintenance of all lawns, shrubbery and landscaping, sprinkler system, electricity or rent for street lighting, painting upkeep on the exterior of all buildings, maintenance and repair of roofs on all buildings, costs and fees under any management agreement, and expenses declared Operating Expenses pursuant to the Declaration.

ARTICLE VIII
ENFORCEMENT

The Association, by direction of the Board of Directors, shall have the right to enforce by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations and liens now or hereafter imposed by the Declaration, the Articles, these Bylaws or any Rules and Regulations of the Association for Lake Forest North.

ARTICLE IX
PARAMOUNT RIGHTS OF DECLARANT

All of the applicable terms and provisions of these Bylaws shall be subject to any sections of the Declaration, Articles or Bylaws regarding rights and powers of Declarant, which rights and powers shall be deemed paramount to the applicable provisions of these Bylaws.

ARTICLE X
ACQUISITION OF DWELLING UNITS

At any foreclosure sale of a Dwelling Unit, the Board of Directors may, with the authorization and approval by the affirmative vote of Members casting not less than sixty-six and two-thirds (66-2/3%) percent of the authorized votes of the Members, present in person or by proxy or absentee ballot, at any regular or special meeting of the Members, acquire, in the name of the Association, or its designees, a Dwelling Unit being foreclosed. The term "foreclosure," as used in this Article, shall mean and include any foreclosure of any lien, excluding the Association's lien for assessments. The power of the Board of Directors to acquire a Dwelling Unit at any foreclosure sale shall never be interpreted as a requirement or obligation on the part of said Board of Directors or of the Association to do so at any foreclosure sale, the provisions hereof being permissive in nature and for the purpose of setting forth a power of the Board of Directors to do so should the requisite approval of the Members be obtained. The Board of Directors shall not be required to obtain the approval of Owners at the foreclosure sale of a Dwelling Unit, due to the foreclosure of the Association's lien for assessment under the provisions of the Declaration, notwithstanding the sum that the Board of Directors determines to bid at such foreclosure sale.

ARTICLE XI
SEAL

The seal of the Association shall have inscribed thereon the

name of the Association, the year of its organization, and the words "not for profit." Said seal may be used by causing it or a facsimile thereof to be impressed, affixed, reproduced or in any other form evidencing the intent of the signing officer or officers to have the effect of the corporate seal.

ARTICLE XII
AMENDMENT

Until the first annual meeting of the membership of the Association, the Board of Directors shall have full power without membership approval or vote to amend, alter or rescind these Bylaws by unanimous vote of all the Directors. Thereafter, these Bylaws may be amended in the following manner, as well as in the manner elsewhere provided:

Section 1. Notice: Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

Section 2. Resolution: A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Members entitled to vote. Directors and Members not present at the meeting considering the amendment may express their approval in writing. Except as elsewhere provided, such approval must not be less than eighty percent (80%) of all Directors or by not less than fifty-five percent (55%) of all of the Members entitled to vote who are either present or voting by proxy or absentee ballot.

Section 3. Agreement: In the alternative, an amendment may be made by an agreement executed by all Members of the Association in the manner required for the execution of a deed, and such amendment shall be effective when recorded in the Public Records of Flagler County, Florida.

Section 4. Proviso: No amendment to these Bylaws shall be passed which would operate to impair or prejudice the rights of the Declarant, nor any Institutional Mortgagee. No amendment shall discriminate against any Dwelling Unit Owner nor against any class or group of Dwelling Units unless the Dwelling Unit Owners so affected shall consent; and no amendment shall increase the Owner's proportionate share of the Operating Expenses unless the record Owner of the Dwelling Unit concerned and all record Owners of Mortgages thereon shall join in the execution of the amendment. All amendments to these Bylaws shall be recorded in the Public Records of Flagler County, Florida.

ARTICLE XIII
MISCELLANEOUS

Section 1. Construction: The definitions of particular words and phrases contained in the Declaration shall apply to such words and phrases when used in these Bylaws. In case of any conflict between the Articles and these Bylaws, the Articles shall control, and in case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 2. Severability: Should any provisions of these Bylaws be void or unenforceable in law or in equity, the remaining provisions shall, nevertheless, be and remain in full force and effect.

Section 3. Subordination: Any lien or other encumbrance upon or against a Dwelling Unit or portion of the Committed Property in favor of the Association is hereby declared to be, and shall be, subject, subordinate and inferior to the lien of any mortgage encumbering such Dwelling Unit or portion of the Committed Property when such mortgage is made by an Institutional Mortgagee, regardless of whether such mortgage was made or recorded before or after the aforesaid lien or encumbrance of the Association.

Section 4. Rules and Regulations: The Board of Directors shall have the power to promulgate rules and regulations which shall govern the use of the Association property. Such rules and regulations may be amended, altered, or changed by the Board from time to time.

The foregoing were adopted by the Board of Directors as the Bylaws of PALM HARBOR HOMEOWNERS ASSOCIATION, INC., this ___ day of _____, 1994.

PALM HARBOR HOMEOWNERS ASSOCIATION, INC.

By: _____
, President

Attest: _____
, Secretary

REC'D PAGE 1341

BOUNDARY OF PROPERTY PLAN

LOTS - RESIDENTIAL

NEIGHBORHOOD COMMON AREA: LANDSCAPE & DRAINAGE

COMMON AREA: LANDSCAPE EASEMENT



SCALE: 1"=200'

PALM HARBOR GOLF COURSE
(NOT PART OF THIS PROPERTY PLAN)

NOT A PART OF THIS PROPERTY PLAN

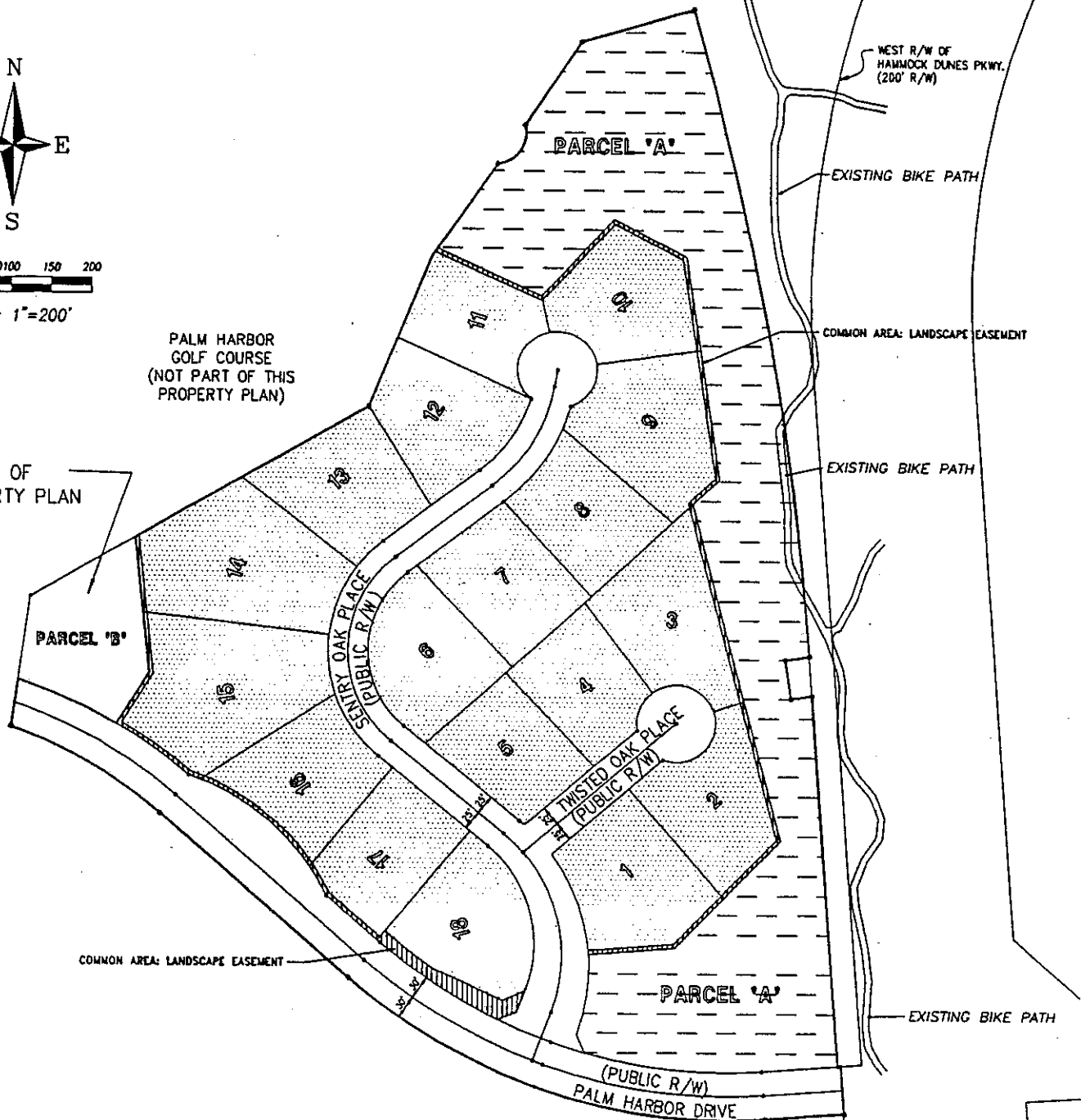


EXHIBIT D
PALM HARBOR HOMEOWNERS ASSOCIATION
PROPERTY PLAN
 (COVINGTON PARK NEIGHBORHOOD)

This instrument prepared by:
Robert G. Cuff
ITT Community Development Corporation
1 Corporate Drive
Palm Coast, Florida 32151

REC 0512 PAGE 1342

FIRST SUPPLEMENT TO
DECLARATION AND GENERAL PROTECTIVE COVENANTS
FOR
PALM HARBOR HOMEOWNERS ASSOCIATION
(COVINGTON PARK NEIGHBORHOOD)

This First Supplement to the Declaration and General Protective Covenants for Palm Harbor Homeowners Association ("First Supplement") is made this 26th day of May, 1994, by ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation ("Declarant").

WHEREAS, Declarant recorded the Declaration and General Protective Covenants for Palm Harbor Homeowners Association, dated May 26, 1994, and recorded on May 27th, 1994, in Official Records Book 512, Page 1276-1341 of the Public Records of Flagler County, Florida ("Declaration");

WHEREAS, Declarant, pursuant to the provisions of the Declaration, including, but not limited to, the provisions of Article II thereof, reserved the right to modify the provisions of the Declaration and to create new provisions of the Declaration applicable to all or a portion of the Committed Property;

WHEREAS, Declarant now desires to subject the portion of the Committed Property described in Exhibit A attached to this First Supplement to additional covenants, restrictions and easements which shall apply solely to the portion of the Committed Property described in Exhibit A;

NOW, THEREFORE, in consideration of the premises and covenants herein contained, Declarant hereby declares that:

1. The words and phrases used herein which are defined in the Declaration shall have the meanings set forth in the Declaration, except if the context thereof clearly indicates otherwise. In addition, the following definitions shall apply to this First Supplement:

(a) "Plat" shall mean the Subdivision Plat of Oaks North as recorded in Map Book 30, Pages 2-3, of the Public Records of Flagler County, Florida.

(b) "Covington Park Neighborhood Property" shall mean and refer to the property depicted on the Property Plan attached hereto as Exhibit D and described in Exhibit A to this Supplement. Covington Park shall be a Neighborhood of the Committed Property.

2. The Covington Park Neighborhood Property shall be subject to the following restrictions in addition to those

restrictions set forth in the Declaration, provided that in the event of any conflict between the restrictions set forth herein and those set forth in the Declaration, the restrictions set forth herein shall control:

(a) The Landscape Easement depicted on the Property Plan (Exhibit D) and Plat and the Additional Landscape Area across the portion of Lot 18 described in Exhibit B to this Supplement, regardless of ownership, shall be a Neighborhood Common Area of Covington Park Neighborhood and maintained by the Association, except as otherwise provided herein. The Association shall be responsible for providing all necessary maintenance to any improvements initially installed in the Landscape Easement and Additional Landscape Area by the Declarant including, but not limited to, sign and wall/fence maintenance, lighting, irrigation, fertilization, trimming, mowing, mulching and replacement of dead or damaged plants. The cost of such maintenance shall be an Operating Expense. No person other than the Declarant, Association or their designated agents shall place anything in or perform any work in the Landscape Easement and no Owner of any Dwelling Unit whose property is subject to or adjacent to the Landscape Easement shall place any landscaping, fence, wall or other structure or improvement on the side of the Easement adjacent to any public right of way or Parcel A. In those areas of the Landscape Easement where the privacy wall constructed by the Declarant extends beyond the Landscape Easement into a Lot, the wall and resulting encroachment shall be deemed a portion of the Neighborhood Common Area and shall be maintained, repaired and reconstructed, as necessary, by the Association in the same style and location as the wall originally constructed by the Declarant. The Association shall have no obligation to maintain any portion of the Landscape Easement on any Lot adjacent to Parcel A where the privacy wall constructed by the Declarant is located outside of the boundary of the Landscape Easement and the Lot and is located entirely within Parcel A. As to any such Lot, the Association shall have an easement over the Landscape Easement on that Lot for the purpose of access to and maintenance of the wall and other Neighborhood Common Area improvements located in Parcel A.

(b) The real property depicted on the Plat as Parcel A shall also be Neighborhood Common Areas of the Covington Park Neighborhood. Declarant shall have an easement over Parcel A for continued maintenance, repair and reconstruction of the portion of the existing bike path located on Parcel A, as well as an easement for drainage into and withdrawal of surface water from the surface water management system located on Parcel A.

(c) The roads within the Covington Park Neighborhood shall be public rights of way. The Association shall maintain all street lighting, sidewalks and other such improvements installed by the Declarant within any such right of way from the front Property Line of each Dwelling Unit to the edge of pavement designated for vehicular travel. Such maintenance shall be an Operating Expense. The maintenance performed by the Association under this

subparagraph (c) shall not include the maintenance of the sod and irrigation system, any mailbox, driveway or utility line located in or crossing the described portion of the right of way and which serves a particular Dwelling Unit. Maintenance of any mailboxes and driveways, regardless of their locations, shall be the responsibility of the Owner of the Dwelling Unit served and maintenance of any utility line serving a particular Dwelling Unit, regardless of location, shall be either the responsibility of the Owner of the Dwelling Unit served or of the company providing such service. Each Owner shall be required to maintain that portion of the landscaping, sod and irrigation system installed in the unpaved portion of the public right of way adjacent to the front Property Line of that Owner's Dwelling Unit by the Declarant. In the event an Owner fails to provide adequate maintenance of such area, the Association shall have the right to replace any landscaping or sod damaged or destroyed by such failure and charge the Owner of the responsible Dwelling Unit for the cost of such replacement. Such a charge shall also be an assessment against the responsible Dwelling Unit and may be collected by the Association in the manner provided for the collection of assessments in the Declaration.

d. Palm Harbor Golf Course. The Palm Harbor Golf Course located adjacent to Lots 11-15 of Covington Park Neighborhood is, at the time of the recording of this Supplement, owned and operated by Sunsport Recreation, Inc., a wholly-owned subsidiary of Declarant. Except as installed by the Declarant as part of the original construction of a Dwelling Unit, no fences, hedges or obstructions of any kind shall be permitted along the property lines of Lots 11-15 where those property lines abut the golf course. Any landscaping with a mature height in excess of eighteen (18) inches in the rear setback area of Lots 11-15, other than the landscaping originally installed by Declarant, shall require the express approval of the Architectural Review Committee prior to installation. The golf course is NOT a part of the Committed Property, but is available for use on the terms set, from time to time, by Sunsport. All persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Declarant or any other person with regard to the continuing ownership, method of operation, or layout of the golf course. Each Owner further understands and agrees that ownership of a Dwelling Unit in Covington Park Neighborhood does not confer any ownership interest in or right to use the golf course in any manner. Each Owner in the Covington Park Neighborhood understands and agrees that his or her Dwelling Unit and Lot are adjacent to or near the golf course and that the golf course will be used, from time to time, for tournaments and other special events. Each Owner also acknowledges that the location of his or her Dwelling Unit within Covington Park may result in nuisances or hazards to persons and property on the Lot as a result of normal golf course operations or as a result of tournaments or special events. Each Owner covenants for itself, its heirs, successors, successors in title, and assigns that it shall assume all risks associated with such location including, but not limited to, the risk of property damage or

personal injury arising from stray golf balls or actions incidental to such golf course activities, and SHALL INDEMNIFY AND HOLD HARMLESS THE ASSOCIATION, DECLARANT, AND THE OWNER OF THE GOLF COURSE, FROM ANY LIABILITY, CLAIMS, OR EXPENSES, INCLUDING ATTORNEYS' FEES AT ALL LEVELS, ARISING FROM SUCH PROPERTY DAMAGE OR PERSONAL INJURY.

3. The Covington Park Neighborhood Property is hereby declared to be the Covington Park Neighborhood of Palm Harbor Homeowners Association and the Property shall be assigned the land uses and classifications shown on the Property Plan for Covington Park attached hereto as Exhibit D.

4. The Covington Park Neighborhood Property shall be owned, used, sold, conveyed, encumbered, demised, occupied and mortgaged subject to the provisions of this First Supplement, which shall run with the Covington Park Neighborhood Property and shall be binding on all parties having any right, title or interest in that property or any part thereof, their heirs, legal representatives, successors, successors in title and assigns.

IN WITNESS WHEREOF, Declarant have caused these presents to be signed by the President of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation, this 26th day of May, 1994.

WITNESSES:

Rachel L. Keene

Victoria P. Gard

DECLARANT:

ITT COMMUNITY DEVELOPMENT CORPORATION

By: James E. Gardner
James E. Gardner, President

Attest: Robert G. Cuff
Robert G. Cuff, Secretary

JOINED BY OWNERS' ASSOCIATION:

PALM HARBOR HOMEOWNERS ASSOCIATION, INC.

Rachel L. Keene

Victoria P. Gard

By: Steve Tubbs
Steve Tubbs, President

Attest: William G. Beam
William Beam, Secretary

REC 0512 PAGE 1346

STATE OF FLORIDA)
) SS:
COUNTY OF FLAGLER)

The foregoing instrument was acknowledged before me this 26th day of May, 1994, by James E. Gardner and Robert G. Cuff, as President and Secretary, respectively, of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation. They are personally known to me and did not take an oath.

Debra K. Register
NOTARY PUBLIC, STATE OF FLORIDA
[SEAL]

My Commission Expires:

STATE OF FLORIDA)
) SS:
COUNTY OF FLAGLER)



Notary Public, State of Florida
DEBRA K. REGISTER
My Comm. Exp. Jan. 14, 1997
Comm. No. CC 253385

The foregoing instrument was acknowledged before me this 25th day of May, 1994, by Steve Tubbs and William Beam, as President and Secretary, respectively, of PALM HARBOR HOMEOWNERS ASSOCIATION, INC., a Florida corporation not for profit. They are personally known to me and did not take an oath.

Debra K. Register
NOTARY PUBLIC, STATE OF FLORIDA
[SEAL]

My Commission Expires:



Notary Public, State of Florida
DEBRA K. REGISTER
My Comm. Exp. Jan. 14, 1997
Comm. No. CC 253385

A parcel of land lying in Government Sections 44 and 46, Township 11 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

As a POINT OF REFERENCE being the southeast corner of Section 44 thence North 20°45'47" West along the easterly line of Section 44 a distance of 1220.55 feet, thence departing said Section Line South 69°14'13" West a distance of 229.30 feet to a point being the northeast corner of the Subdivision Plat The Oaks, Map Book 27 Pages 53 and 54, said point being the POINT OF BEGINNING of the herein described parcel, thence along the northerly boundary of said Plat the following courses South 85°40'58" West a distance of 99.00 feet to a Point of curvature, concave northerly, having a radius of 708.98 feet and a central angle of 23°48'32", thence westerly along the arc of said curve to the right a distance of 294.61 feet, said arc subtended by a chord which bears North 82°24'47" West a distance of 292.50 feet to a point of compound curvature with a curve, concave northeasterly, having a radius of 718.64 feet and a central angle of 21°34'19", thence westerly along the arc of said curve to the right a distance of 270.57 feet, said arc subtended by a chord which bears North 59°43'21" West a distance of 268.97 feet to a Point of tangency, thence North 48°56'12" West a distance of 314.73 feet to a Point of curvature, concave southwesterly, having a radius of 581.92 feet and a central angle of 21°19'59", thence northwesterly along the arc of said curve to the left a distance of 216.67 feet, said arc subtended by a chord which bears North 59°36'11" West a distance of 215.42 feet to a point being the northwesterly corner of said boundary for the Subdivision Plat The Oaks, thence departing said curve along a non-tangent line North 08°01'38" East along the easterly boundary of Reserved Parcel "A" of Country Club Cove Section-8 Map Book 6, Page 33, also recorded in Official Records Book 47, Pages 265 and 266 a distance of 167.57 feet, thence North 59°50'44" East along said boundary of Reserved Parcel "A" a distance of 485.73 feet, thence North 21°23'49" East a distance of 211.32 feet to a point on the southeasterly boundary line as surveyed of Lot 69, Block 1, of the Subdivision Map Country Club Cove Section-8 Map Book 6, Pages 28 through 33, thence departing said Reserved Parcel "A" North 33°45'43" East along said boundary of Lot 69 a distance of 144.57 feet to a point on a curve, concave northwesterly, having a radius of 40.00 feet and a central angle of 98°01'14", thence northeasterly along the right-of-way line of Crompton Place and along the arc of said curve to the left a distance of 68.43 feet, said arc subtended by a chord which bears North 33°45'43" East a distance of 60.39 feet to a point of intersection with a non-tangent line, thence departing Crompton Place North 33°45'43" East along the southeasterly boundary line as surveyed of Lot 70, Block 1, of said Section-8 a distance of 124.81 feet, thence departing said Lot 70, Block 1, North 73°29'26" East a distance of 146.29 feet to a point on a curve, concave westerly, having a radius of 3970.00 feet and a central angle of 12°07'18", thence southerly along the arc of said curve to the right a distance of 839.90 feet, said arc subtended by a chord which bears South 10°26'56" East a distance of 838.34 feet to a point of intersection with a non-tangent line, thence South 80°59'42" West a distance of 30.43 feet, thence South 09°00'18" East a distance of 50.00 feet, thence North 80°59'42" East a distance of 26.34 feet, thence South 04°19'03" East a distance of 472.14 feet, thence North 85°40'57" East a distance of 3.98 feet, thence South 04°19'03" East a distance of 60.00 feet to the POINT OF BEGINNING.

Parcel containing 19.2990 acres more or less.

Bearings refer to the Transverse Mercator Grid System of the East Zone of Florida and locally referenced to the easterly line of Government Section 44 being North 20°45'47" West.

Exhibit A
to
First Supplement to
Declaration and General Protective Covenants
(Covington Park)

OFF 0512 PAGE 1347
REC

The following Legal Description prepared by Clyde W. Roesch, Palm Coast Engineering and Design Services, Inc. 5 Hargrove Grade, Palm Coast, Florida.

Date; December 21, 1993.

Additional landscape easement, Lot 18, plat of Oaks North.

LEGAL DESCRIPTION:

A parcel of land being a portion of Lot 18, of the Subdivision Plat Oaks North, Map Book 30, Pages 2 and 3 of the Public Records of this county, said parcel lying within Government Section 44, Township 11 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

A Point of Reference being the West corner of said Lot 18, thence North 39°22'17" East along the common boundary line of Lots 17 and 18 a distance of 15.01 feet, thence South 48°56'12" East along the northerly line of an existing 15' easement for drainage and landscaping a distance of 5.03 feet to a point of curvature, thence continuing along said easement line 71.29 feet along the arc of a curve to the left (concave northeasterly having a central angle of 06°20'44", a radius of 643.64 feet, a chord bearing of South 52°06'34" East and a chord distance of 71.25 feet to the POINT OF BEGINNING of this description, thence South 65°33'01" East a distance of 94.97 feet, thence North 65°40'28" East a distance of 16.14 feet to a point on the westerly line of an existing landscape easement, thence South 20°40'20" West along said easement a distance of 14.14 feet, thence South 65°40'28" West a distance of 10.85 feet to a point on a curve concave northeasterly, thence northwesterly 100.01 feet along the arc of a curve to the right having a central angle of 08°54'10", a radius of 643.64 feet, a chord bearing of North 59°44'01" West and a chord distance of 99.91 feet to the POINT OF BEGINNING.

Parcel containing 745 square feet more or less.

Bearings refer to the Transverse Mercator Grid System of the East Zone of Florida and locally referenced to the Plat Oaks North, Map Book 30, Pages 2 and 3, of the Public Records of Flagler County, Florida.

Exhibit B
to
First Supplement to
Declaration and General Protective Covenants
(Covington Park)

This Exhibit C Reserved

*Exhibit C
to
First Supplement to
Declaration and General Protective Covenants
(Covington Park)*

- BOUNDARY OF PROPERTY PLAN
- ▨ LOTS - RESIDENTIAL
- ▨ NEIGHBORHOOD COMMON AREA: LANDSCAPE & DRAINAGE
- ▨ COMMON AREA: LANDSCAPE EASEMENT

OFF 0512 PAGE 1350

SCALE: 1"=200'

NOT A PART OF THIS PROPERTY PLAN

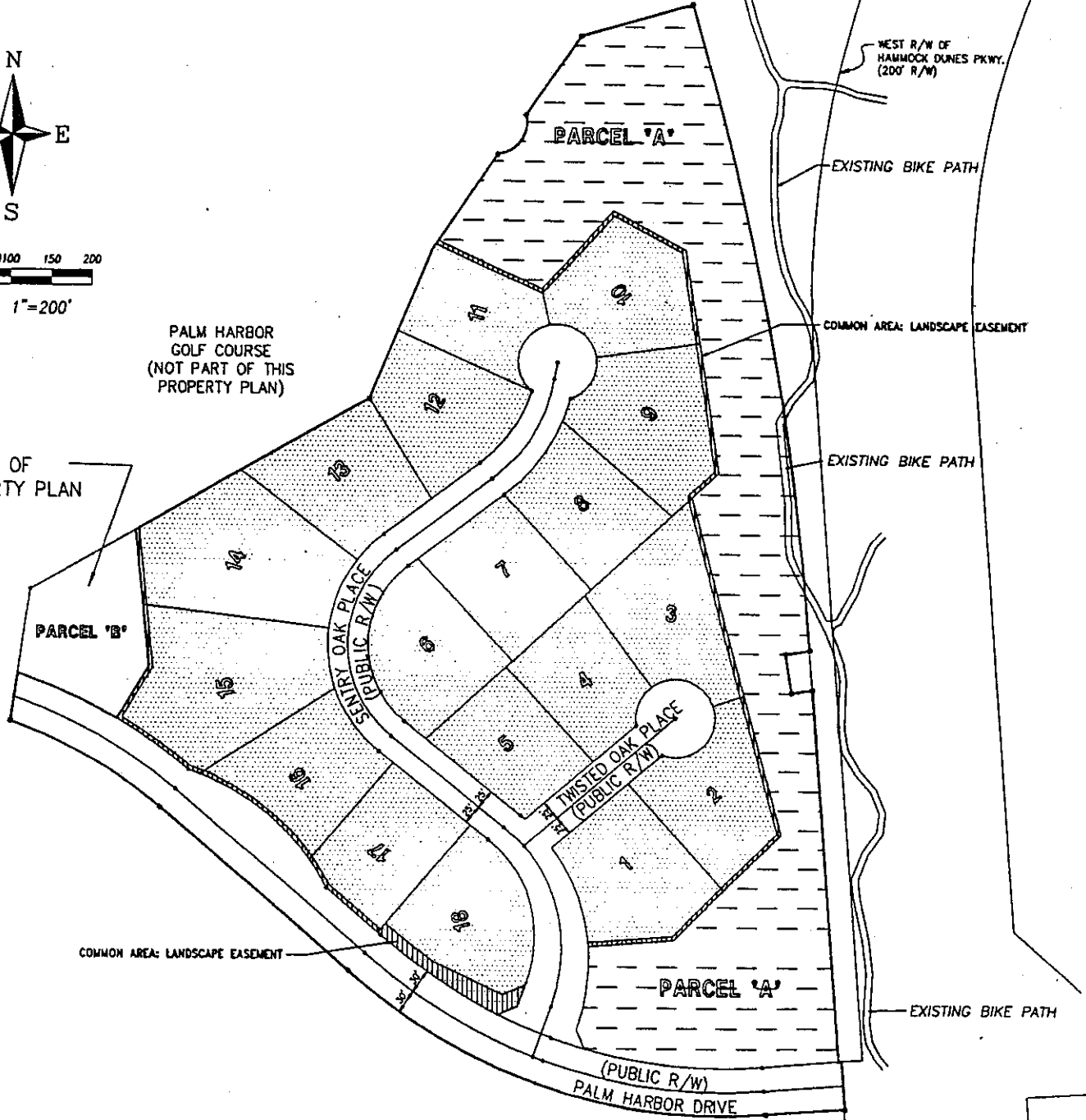


EXHIBIT D
PALM HARBOR HOMEOWNERS ASSOCIATION
PROPERTY PLAN
 (COVINGTON PARK NEIGHBORHOOD)