

PREPARED BY AND RETURN TO:
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
HIGHLAND POINTE HOMEOWNERS ASSOCIATION OF LAKE WALES, INC.

This Declaration of Covenants, Conditions and Restrictions is made this 29th day of January, 1998, by REX QUALITY DEVELOPMENT, L.C., a Florida Limited Liability Company, (herein "Developer"); being the Owner of the real property within Highland Pointe, according to map or plat thereof recorded in Plat Book 105, Page 36, public records of Polk County, Florida (herein "Properties", as more particularly defined in Article I, Section H.).

Developer hereby declares that the properties shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to these restrictions, and this Declaration shall constitute a covenant running with the land and shall be binding upon the undersigned and upon all persons deraigning title through the undersigned. These restrictions, during their lifetime, shall be for the benefit and limitation upon all present and future Owners within the properties.

ARTICLE I
DEFINITIONS

A. "Association" shall mean and refer to Highland Pointe Homeowners Association of Lake Wales, Inc., a Florida nonprofit corporation, its successors and assigns.

B. "Common Elements" shall mean and refer to all real property, including improvements thereto, and all personal property conveyed to or owned by the Association now or in the future, for the common use and enjoyment of the Owners.

C. "Lot" shall mean and refer to any platted lot shown on any recorded subdivision of the properties, with the exception of a common element.

D. "Member" shall mean and refer to a person entitled to membership in the Association, as provided herein.

E. "Notice" shall mean and refer to the sending of any document by mail with postage prepaid, first class, to the last known address, according to the Association's books and records of the person who appears as Owner. Notice to one, two or more co-owners constitutes notice to all Owners.

F. "Owner" shall mean and refer to the person(s) holding fee simple title to any Lot which is part of the properties, including the purchaser under a recorded contract of sale, but excluding a person(s) having an interest merely as security for the performance of an obligation.

G. "Person" shall mean and refer to a natural person, corporation, partnership, trustee or other legal entity.

H. "Properties" shall mean and refer to Highland Pointe, according to map or plat thereof recorded in Plat Book 105, Page 36, public records of Polk County, Florida, and, when added in accordance with the terms and conditions hereof, shall also include such real property as is in the future subjected to this Declaration under the provisions of Article VII hereof.

ARTICLE II ASSOCIATION OPERATION

Section 1. Operation of the Properties.

A. Introduction and Membership.

The Properties shall be under the regulation of an Association established by the Developer as a Florida corporation not-for-profit. By acceptance of a deed to any portion of the Properties, including any Lot, each Grantee thereof, whether an initial or subsequent purchaser, agrees to be bound and abide by the terms of this Declaration, the Articles, the Bylaws and other rules and regulations of the Association established from time to time.

B. Voting and Turnover.

Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. The Association shall have two (2) classes of voting membership:

Class A. Class "A" members shall be all Owners, with the exception of the Developer, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class "B" member(s) shall be the Developer and shall be entitled to three (3) votes for each Lot owned. The Class "B" membership shall cease and be converted to Class "A" membership on the happening of any of the following events, ("Turnover"), whichever occurs earlier:

- (a) 75% of the Lots within the Properties are deeded to a purchaser.
- (b) On December 31, 2002.
- (c) When, in its discretion, the Class "B" member(s) so determines.

Section 2. Organization of the Association.

A. Organization.

The Developer shall organize the Association. The Board of Directors shall consist of no less than three (3) directors elected by a majority of the members at a duly constituted meeting. Quorum shall be met at such meeting if ten percent (10%) of the members are present. The date of organization of the Association shall not be later than the date of conveyance of the first Lot to a purchaser.

B. Annual Members Meeting.

Once each year, on a date selected by the Board of Directors in advance of such date, the Board of Directors shall call a meeting of the members of the Corporation for the purpose of electing the Board of Directors for the ensuing year. Said call shall be by written notice to all Owners, shall state the meeting's purpose, shall designate the date (which shall be no less than fifteen days from the date the call is mailed), and place of said meeting. The Board of Directors for the ensuing year shall be determined at said meeting by the affirmative vote of a majority of those Corporation members present in person or proxy at said meeting.

C. Powers of the Association.

The Association shall have all powers afforded by law, including, but not limited to, the following:

- (a) to fix and to collect assessments and other charges to be levied against the Owners;

(b) to manage, control, operate, maintain, repair, and improve property subject to the Declaration or any other property for which the Association by rule, regulation, declaration or contract has a right or duty to provide such services;

(c) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration or By-Laws;

(d) to buy or otherwise acquire, sell, dispose of, mortgage, encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association;

(e) to borrow money for any purpose, subject to any limitations contained in the By-Laws;

(f) to enter into, make, perform, or enforce contracts;

(g) to adopt, alter, and amend or repeal such By-Laws; provided, however, such By-Laws may not be inconsistent with or contrary to any provisions of the Declaration;

(h) to provide any and all supplemental municipal services as may be necessary or proper;

(i) operate and maintain common property and common elements, specifically the surface water management system as permitted by the Southwest Florida Water Management District including all retention areas, culverts and related appurtenances;

(j) establish rules and regulations;

(k) assess members and enforce said assessments;

(l) sue and be sued;

(m) contract for services to provide for operation and maintenance of the surface water management system if the Association contemplates employing a maintenance company;

(n) hire and discharge managing agents, agents, employees and independent contractors;

(o) exist in perpetuity; however, if the Association is dissolved, the property consisting of the surface water management system shall be conveyed to an appropriate agency of local government, and that if not accepted, then the surface water management system shall be dedicated to a similar non-profit corporation; and

(p) take any and all other lawful action necessary or proper for the purposes for which the Association is organized.

ARTICLE III
EASEMENTS

The Developer reserves to itself, its successors or assigns, a perpetual easement upon, over, under and across all easements shown on the Plat of Highland Pointe, and any plats within the Properties for the purpose of maintaining, installing, repairing, altering and operating sewer lines, water lines, waterworks, sewer works, force mains, lift stations, water mains, sewer mains, water distribution systems, sewage disposal systems, effluent disposal systems, pipes, wires, syphons, valves, gates, pipelines, cable television service and all machinery and apparatus appurtenant thereto to all of the foregoing as may be necessary or desirable for the installation and maintenance of utilities servicing all Owners and servicing all Common Elements consisting of real property.

Every Owner has, appurtenant to his Lot, a right and easement of enjoyment to the Common Elements. If ingress or egress to any residence is through the Common Elements, any conveyance or encumbrance of such area shall be subject to the Lot Owner's easement.

ARTICLE IV
ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligations of Assessments. The Developer covenants, and each Owner of any Lot shall, by acceptance of a deed or other conveyance therefor, regardless of whether it shall be so expressed in any such deed or other conveyance, be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay the Association: (1) annual assessments, and (2) individual assessments, all fixed, established and collected from time to time as hereinafter provided. The annual and individual assessments, together with such interest thereon and costs of collection therefor, shall be a charge and continuing lien as provided herein on the real property and improvements thereon of the Owner against whom each such assessment is made. Each such assessment, together with interest thereon and cost of collection, including reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such real property at the time when the assessment first became due and payable. In the case of co-ownership of a Lot, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment. Each unpaid assessment,

together with interest thereon and cost of collection, including reasonable attorney's fees, which are due and payable may be secured by a lien upon the Lot by recordation of a Claim of Lien in the public records of Polk County, Florida, and said lien may be foreclosed in the same manner as a mortgage.

Section 2. Annual Assessments. The Owner or each Lot within the properties shall be liable and obligated for payment of a proportionate share of the costs of the Common Elements. Each Lot shall bear equal portions of each annual assessment, regardless of its location, dimensions or size. The initial maximum annual assessment against owners other than Developer shall be Seventy-Five (\$75.00) Dollars per Lot. Developer shall not be responsible to pay any assessment for Lots owned by Developer until seventy-five percent (75%) of the Lots have been conveyed by Developer to third parties. On January 1 of the year immediately following the conveyance of seventy-five percent (75%) of the Lots by Developer, Developer shall commence paying an annual assessment for each Lot then owned by Developer. Prior to the time that Developer is obligated to pay an annual assessment, the total expenses of the Association incurred for the purposes set forth herein shall be paid from the annual assessments received by the Association from owners other than Developer.

Section 3. Individual Assessments. The Association may impose an individual assessment upon any Owner whose use or treatment of his Lot is not in conformance with the standards as adopted by the Association or which increases the maintenance cost to the Association above that which would result from compliance by the Owner with the use restrictions imposed by this Declaration. The amount of such assessment shall be equal to such cost incurred and may be enforced in the manner provided for any other assessment.

Section 4. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall be due and payable on such date selected by Board in advance, and shall commence on the date set by the Board of Directors.

Written notice of the assessment shall be sent to all Owners. Such annual assessments shall apply for a twelve (12) month year.

Section 5. Duties of the Board of Directors. The Board of Directors shall determine the total annual assessment for the Properties.

Section 6. Mortgages. The lien of the assessments provided for herein is subordinate to the lien of any first mortgage now or hereafter placed upon a Lot. Sale or transfer of any Lot shall not relieve such property from liability for any assessments thereafter becoming due. However, the sale or transfer

of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due from the lien thereof.

The mortgagees are not required to collect assessments. Failure to pay assessments does not constitute a default under any insured mortgage.

ARTICLE V
ENFORCEMENT OF RULES AND REGULATIONS

Every Owner shall comply with the restrictions and covenants set forth herein and any and all rules and regulations adopted by the Board of Directors.

Failure of the Owner to comply shall be grounds for action which may include, without limitation, an action to recover sums due for damages or injunctive relief, including court costs and attorneys' fees. The Association shall have the right to suspend voting rights.

ARTICLE VI
USE RESTRICTIONS

1. All Lots shall be used only for single-family residential purposes, and use of said Lots shall be restricted and limited to conventionally constructed residential dwellings.

2. No permanent structure or substantial structural, whether construction, addition or alteration thereto, including buildings, walls, fences, screened enclosures, below-ground swimming pools, driveways, paved parking areas, detached garages or utility sheds shall be erected on any Lot until the proposed structure, building plans, specifications, exterior color and finish, survey (showing the proposed location of such structure, drives and parking areas) and construction schedules shall have been approved in writing by the designated Architectural Review Committee (herein "A. R. Committee") appointed by the Board of Directors of the Association. In reviewing such plans, the A. R. Committee will apply such standards as it shall develop for the benefit of the entire subdivision. In developing standards, the A.R. Committee will, at a minimum, require that said structure be complimentary to the design of the single-family residential dwelling on the Lot. However, the A. R. Committee may refuse to approve such plans upon any ground, including purely aesthetic considerations, which it shall, in its sole discretion, determine to be significant to preserve the environment and harmonious development of the subdivision.

In the event the designated A. R. Committee fails to approve or disapprove such design and location within forty-five (45) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction its decisions or the decisions of the A. R. Committee established in this Section 2. of

Article VI. This Section 2. may not be amended without the Developer's written consent so long as the Developer owns any land subject to this Declaration.

3. All construction within the Properties shall be in compliance with all applicable state, regional, federal and local governmental regulations, including building codes and zoning regulations, as specified by the planned unit development approval of the Plat.

4. No structure of a temporary character, small trailer, shed, tent, shack, garage, barn or other out building shall be used on any Lot at any time, either temporarily or permanently; provided, however, that utility sheds shall be permitted if they are approved by the Corporation pursuant to Paragraph 2. above.

5. No noxious or offensive activity shall be carried on upon any Lot; nor shall anything be done on any Lot that may be or may become an annoyance, discomfort or nuisance to the neighborhood.

6. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept, provided they are not kept, bred or maintained for any commercial purpose, and provided they are kept under leash, if necessary, to avoid their constituting a nuisance to the neighborhood.

7. No sign of any kind shall be displayed to the public view on any Lot, except one professional sign of not more than one (1) square foot and one sign of not more than five (5) square feet advertising the property for sale or rent; notwithstanding the foregoing, signs used by a builder to advertise the property during the construction and sale period shall not be limited by this restriction.

8. No Lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or other wastes. All incinerators or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

9. Extended visible repair of vehicles, outboard motors, boats or recreational vehicles shall not be permitted.

10. All Lots and dwellings shall be kept in a neat and attractive manner and state of repair. All trees, lawns, shrubs, plants and flowers shall be kept in a neat, attractive and orderly manner. If a Lot Owner fails to maintain his Lot, dwelling and improvements located thereon in a manner satisfactory to the Association, the Lot Owner shall be notified and given thirty (30) days in which to correct or abate the undesirable situation. If said Owner fails to do so within said 30-day period, the Association shall have the right, although not the duty, to enter upon said Lot for the purpose of repairing, cleaning up and restoring the Lot, building and/or improvements at the sole cost of the Lot Owner. The cost shall be assessed by an individual assessments. The cost of such repair, maintenance and restoration shall, if such individual assessments is not paid within twenty (20) days of notice to the Owner thereof, constitute a lien upon said Lot which may be enforced in the manner provided in Article IV.

11. Television, radio and other antennae shall be located as close as reasonably possible to the rear of the dwellings, and electronic equipment which causes interference with other equipment in the Properties shall not be permitted. Television satellite dish antennae shall be permitted, provided they are adequately fenced or hedged and approved by the Corporation's A. R. Committee pursuant to Article VI, Section 2. above.

12. No noisy automobiles, trucks, motorcycles, dirt bikes, motor bikes or other similar type vehicles shall be permitted, and no commercial trucks (except small pickup trucks) shall be permitted.

13. All outdoor clothes drying facilities shall be located in that portion of the yard located to the rear of the Lot's dwelling.

14. Above-ground swimming pools shall not be permitted.

15. Walls or fences over six (6) feet high, walls or fences in front yards of Lots, and side walls or fences which extend streetward beyond the face of the single-family dwelling facing any public road or street, shall not be permitted.

16. No parking facilities shall be permitted on any Lot, except a paved pad large enough to accommodate not more than two (2) automobiles. Private vehicles of a Lot's occupants may be parked in the Lot's driveway. No wheeled vehicle or boat shall be parked in the front or side yard of any Lot. No trailers, boats or recreational vehicles shall be maintained or permitted on any Lot, unless they are kept completely inside a garage or shed which is approved by the Corporation pursuant to Article VI, Section 2. above. Additionally, there shall be no parking of any trucks of any nature, including but not limited to, vans and/or campers upon the rights-of-way of the platted roadways within or outside of the adjacent to the subdivision.

17. All dwellings shall have an attached garage of sufficient size to house two standard-sized automobiles; no owner (except the Developer) shall be permitted to convert said attached garage to any use other than as a garage, including but not limited to, its use as a living space.

18. Additional residential property and common area may be annexed to the properties with the consent of two-thirds (2/3) of each class of members.

ARTICLE VII
PROPERTY SUBJECT TO DECLARATION

The real property which shall be held, transferred, sold, conveyed, given, donated, leased or occupied subject to this Declaration is described as Highland Pointe, according to map or plat thereof recorded in Plat Book 105, Page 36, public records of Polk County, Florida. The Developer may bring within this Declaration additional lands and develop them before completing the development of the Properties, regardless of the fact that such actions may alter the relative voting strength of the membership of the Association.

ARTICLE VIII
GENERAL PROVISIONS

Section 1. FHA/VA Approval. During any time with a Class B membership, annexation of additional properties, dedication of Common Elements and amendment of this Declaration of Restrictions shall require the prior approval of the Federal Housing Administration or the Veterans Administration.

Section 2. Mortgaging a Common Element. A Common Element shall only be mortgaged if at least two-thirds (2/3) of the Lot Owners (excluding the Developer) approve said mortgage at an annual or special meeting of the members.

Section 3. Duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the Properties and shall inure to the benefit of and be enforceable by the Association, the Developer and any Owner, their respective legal representatives, heirs, successors and assigns, for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year period this Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year renewal periods hereunder shall be unlimited with this Declaration being automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year

period; provided, however, that there shall be no renewal or extension of this Declaration if during the last year of the initial thirty (30) year period, or during the last year of any subsequent ten (10) year renewal period, three-fourths (3/4) of the votes cast at a duly held meeting of the Members vote in favor of terminating this Declaration at the end of its then-current term. It shall be required that written notice of any meeting at which such proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal will be considered, shall be given at least forty-five (45) days in advance of such meeting. In the event the Association votes to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes of Voting Representatives, the total number of votes required to constitute a quorum at a meeting of the Association, the number of votes necessary to adopt a resolution terminating this Declaration, the total number of votes cast in favor of such resolution and the total number of votes cast against such resolution. Said certificate shall be recorded in the Public Records of Polk County, Florida and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 4. Amendments. Until such time as the Turnover in Article II, the Developer specifically reserves for itself, its successors and assigns, and to the Association, the right to alter, modify, change, revoke, rescind, amend or cancel any or all of the restrictive covenants and other provisions contained in this Declaration or hereinafter included in any subsequent Declaration. After the Turnover, the right to alter, modify, change, revoke, rescind, amend or cancel any or all of the restrictive covenants and other provisions contained in this Declaration or hereinafter included in any subsequent Declaration may be exercised by the approval of at least two-thirds (2/3) of each existing class of members at an annual or special meeting of the members. Provided, however, that any amendment which would affect the surface water management system, including the water management portions of the Common Elements, may only be made with the prior approval of the Southwest Florida Water Management District.

Section 5. Enforcement. Enforcement of these covenants, conditions and restrictions shall be by any proceeding at law or in equity and may be instituted by the Developer, its successors and assigns, the Association, its successors or assigns, or any Owner against any person or persons violating or attempting to violate or circumvent any covenant, condition or restriction, either to restrain violation or to recover damages and against the land to

enforce any lien created by these covenants; and failure by the Association or any Owner or the Developer to enforce any covenant, condition or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 6. Severability. Should any covenant, condition, restriction, article, section, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of any court, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 7. Singular, Plural and Gender. Whenever the context so permits, the use of the singular shall include the plural and the plural shall include the singular, and the use of any gender shall be deemed to include all genders.

IN WITNESS WHEREOF, Rex Quality Development, L.C. (the "Developer"), has executed this Declaration as of the day and year first above written.

Signed, sealed and delivered
in the presence of:

REX QUALITY DEVELOPMENT, L.C.,
a Florida Limited Liability Co.

(Witness)

CYNTHIA CROFOOT RIGNANESE
(Printed Name of Witness)

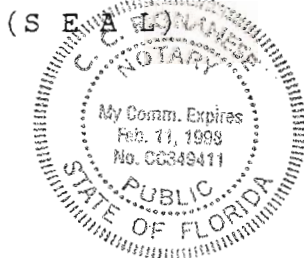
(Witness)

Robert J. Adams
(Printed Name of Witness)

BY: ROBERT REX
ITS: Manager

STATE OF FLORIDA
COUNTY OF POLK

The foregoing instrument was acknowledged before me this 29th day of January, 1998 by ROBERT REX, a Manager of REX QUALITY DEVELOPMENT, L.C., a Florida Limited Liability Company, and he acknowledged that he signed the foregoing instrument freely and voluntarily and for the purposes therein expressed. Affiant personally appeared before me, is personally known to me and did not take an oath.



NOTARY PUBLIC, STATE OF FLORIDA
CYNTHIA CROFOOT RIGNANESE a/k/a C.C. RIGNANESE
PRINTED NAME OF NOTARY
COMMISSION NUMBER: CC349411
COMMISSION EXPIRES: 2-11-98