

EXHIBIT "A"

ATTACHED TO AND INCORPORATED BY REFERENCE
IN THAT LAWS ACQUISITION LOAN AGREEMENT
BETWEEN LOMAS MORTGAGE USA, INC., AS LENDER,
AND AMBASSADOR HOMES, INC., AS BORROWER
DATED NOVEMBER 15, 1988

Lots 1 through 59, Block 8, Lots 1 through 62, Block 9,
all of the Plat of ROYAL LAND AMENDED, recorded in Plat
Book 132, Page 20, of the Public Records of Broward
County, Florida.

11/9/88
11/9/88

2023/7
CALL

DECLARATION OF COVENANTS AND RESTRICTIONS

OF

ROYAL LAND EAST

THIS DECLARATION OF COVENANTS AND RESTRICTIONS OF ROYAL LAND EAST is made this 23rd day of November, 1988, by AMBASSADOR HOMES, INC., a Florida corporation ("DECLARANT").

DECLARANT owns a portion of the property described herein, and is the contract vendee of the remaining portion of the property described herein. DECLARANT intends to develop the property as a residential community. The purpose of this DECLARATION is to provide various use and maintenance requirements and restrictions in the best interest of the future owners of dwellings within the property, to protect and preserve the values of the property. This DECLARATION will also establish an association which will own, operate and/or maintain various portions of the property and improvements constructed within the property, will have the right to enforce the provisions of this DECLARATION, and will be given various other rights and responsibilities. The expenses of the association will be shared by the owners of the property, who will be members of the association.

NOW, THEREFORE, DECLARANT hereby declares that the SUBJECT PROPERTY, as herein defined, shall be held, sold, conveyed, leased, mortgaged and otherwise dealt with subject to the easements, covenants, conditions, restrictions, reservations, liens and charges set forth herein, all of which are created in the best interest of the owners and residents of the SUBJECT PROPERTY, and which shall run with the SUBJECT PROPERTY and shall be binding upon all persons having and/or acquiring any right, title or interest in the SUBJECT PROPERTY or any portion thereof, and shall inure to the benefit of each and every person, from time to time, owning or holding an interest in the SUBJECT PROPERTY, or any portion thereof.

1. DEFINITIONS. The terms used in this DECLARATION, and in the ARTICLES and the BYLAWS, shall have the following meanings, unless the context otherwise requires:

1.1. ADJACENT PROPERTY means that certain property more particularly described on Exhibit "D" attached hereto.

1.2. APPROVING PARTY means DECLARANT, so long as DECLARANT owns any LOT or until DECLARANT assigns its rights as the APPROVING PARTY to the ASSOCIATION, and thereafter means the ASSOCIATION. DECLARANT reserves the right to assign its rights as the APPROVING PARTY to the ASSOCIATION in whole or in part. Notwithstanding the foregoing, DECLARANT, and not the ASSOCIATION, shall be the APPROVING PARTY with respect to the initial construction of any improvements within the SUBJECT PROPERTY by any builder or developer.

1.3. ARTICLES means the Articles of Incorporation of the ASSOCIATION, as same may be amended from time to time.

1.4. ASSESSMENT means the amount of money which may be assessed against an OWNER for the payment of the OWNER's share of COMMON EXPENSES, and/or any other funds which an OWNER may be required to pay to the ASSOCIATION as provided by this DECLARATION, the ARTICLES or the BYLAWS.

1.5. ASSOCIATION means the corporation established pursuant to the Articles of Incorporation attached hereto as an exhibit.

1.6. BOARD means the Board of Directors of the ASSOCIATION.

1.7. BYLAWS means the Bylaws of the ASSOCIATION, as same may be amended from time to time.

1.8. COMMON AREAS means any property, whether improved or unimproved, or any easement or interest therein, now or hereafter owned by the ASSOCIATION or which is declared to be a COMMON AREA by this DECLARATION. COMMON AREAS may

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include, but are not limited to, parks, open areas, lakes, recreational facilities, roads, entranceways, parking areas and other similar properties, provided that the foregoing shall not be deemed a representation or warranty that any or all of the foregoing types of COMMON AREAS will be provided.

1.9. COMMON EXPENSES means all expenses of any kind or nature whatsoever incurred by the ASSOCIATION, including, but not limited to, the following:

1.10. Expenses incurred in connection with the ownership, maintenance, repair, improvement or operation of the COMMON AREAS, or any other property to be maintained by the ASSOCIATION as provided in this DECLARATION, including, but not limited to, utilities, taxes, assessments, insurance, operation, maintenance, repairs, improvements and alterations.

1.10.1 Expenses of obtaining, repairing or replacing personal property in connection with any COMMON AREA or the performance of the ASSOCIATION'S duties.

1.10.2. Expenses incurred in connection with the administration and management of the ASSOCIATION.

1.10.3. Common water, sewer, trash removal and other common utility, governmental, or similar services for the UNITS which are not separately metered or charged to the OWNERS, or which the ASSOCIATION determines to pay in common in the best interest of the OWNERS.

1.10.4. Expenses declared to be COMMON EXPENSES by the provisions of this DECLARATION, or by the ARTICLES or BYLAWS.

1.10.5. Any amounts payable by the ASSOCIATION to any governmental authority.

1.10.6. Assessments and other expenses due the MASTER ASSOCIATION in accordance with the terms and conditions of the MASTER DECLARATION.

1.11. COMMON SURPLUS means the excess of all receipts of the ASSOCIATION over the amount of the COMMON EXPENSES.

1.12. DECLARANT means AMBASSADOR HOMES, INC., a Florida corporation, or any PERSON who may subsequent to the date hereof be assigned the rights of DECLARANT pursuant to a written assignment executed by the then present DECLARANT recorded in the public records of the county in which the SUBJECT PROPERTY is located. In addition, BUCKHEAD, INC., a Florida corporation, its successors and assigns (hereinafter collectively "BUCKHEAD") may, subsequent to the date hereof, declare itself the sole DECLARANT in the manner more particularly set forth in the Joinder of BUCKHEAD attached hereto. In addition, in the event any PERSON subsequent to the date hereof, obtains title to all the SUBJECT PROPERTY then owned by DECLARANT as a result of the foreclosure of any mortgage or deed in lieu thereof, such PERSON may elect to become the DECLARANT by a written election recorded in the public records of the county in which the SUBJECT PROPERTY is located, and regardless of the exercise of such election, such PERSON may appoint as DECLARANT any third party who acquires title to all or any portion of the SUBJECT PROPERTY by written appointment recorded in the public records recorded in the county in which the SUBJECT PROPERTY is located. In any event, any subsequent DECLARANT shall not be liable for any actions or defaults of, or any obligations incurred by any prior DECLARANT, except as same may be expressly assumed in writing by the subsequent DECLARANT.

1.13. DECLARATION means this document as it may be amended from time to time.

1.14. IMPROVEMENT means any building, fence, wall, patio area, driveway, walkway, landscaping, antenna, sign, mailbox, pool, or other structure or improvement which is constructed, made, installed, placed or developed within or upon, or removed from, any LOT or any change, alteration, addition or removal of any such structure or improvement other than normal maintenance and repair which does not materially alter or change the exterior appearance, condition and color of same.

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1.15. INSTITUTIONAL LENDER means the holder of a mortgage encumbering a LOT or LOTS, which holder in the ordinary course of business makes, purchases, guarantees, or insures mortgage loans, and which is not owned or controlled by the OWNER of the LOT or LOTS encumbered. An INSTITUTIONAL LENDER may include, but is not limited to, a bank, savings and loan association, insurance company, real estate or mortgage investment trust, pension or profit sharing plan, mortgage company, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, an agency of the United States or any other governmental authority, or any other similar type of lender generally recognized as an institutional-type lender. For definitional purposes only, an INSTITUTIONAL LENDER shall also mean the holder of any mortgage executed by or in favor of DECLARANT, or which encumbers any portion of the SUBJECT PROPERTY which is owned by DECLARANT, whether or not such holder would otherwise be considered an INSTITUTIONAL LENDER, and notwithstanding anything contained herein to the contrary, the holder of any such mortgage shall be entitled to all rights and protections granted to first mortgages hereunder, whether or not such mortgage is a first mortgage.

1.16. LOT means any platted lot within the SUBJECT PROPERTY, or any other parcel of land located within the SUBJECT PROPERTY, which has been or is intended to be conveyed by DECLARANT to an OWNER and which contains or could contain a UNIT, and shall include any UNIT constructed upon the LOT.

1.17. MASTER ASSOCIATION means ROYAL LAND MASTER ASSOCIATION, INC., a Florida not-for-profit corporation.

1.18. MASTER DECLARATION means the MASTER DECLARATION OF COVENANTS AND RESTRICTIONS FOR ROYAL LAND dated November 15, 1988 and recorded November 16, 1988 at Clerk's File No. 88464326 of the Public Records of Broward County, Florida, together with all exhibits and attachments thereto and rules and regulations promulgated pursuant thereto, as same may be amended from time to time.

1.19. OWNER means the record owner(s) of the fee title to a LOT.

1.20. PERSON means an individual, corporation, partnership, trust or any other legal entity.

1.21. SUBJECT PROPERTY means all of the property subject to this DECLARATION from time to time, which as of the execution of this DECLARATION is the property described in Exhibit "A" attached hereto, and includes any property that is hereafter withdrawn from this DECLARATION, by an amendment.

1.22. UNIT means the residential dwelling constructed upon a LOT.

2. ASSOCIATION. In order to provide for the administration of the SUBJECT PROPERTY and this DECLARATION, the ASSOCIATION has been organized under the Laws of the State of Florida.

2.1. ARTICLES. A copy of the ARTICLES is attached hereto as Exhibit "B." No amendment to the ARTICLES shall be deemed an amendment to this DECLARATION, and this DECLARATION shall not prohibit or restrict amendments to the ARTICLES, except as specifically provided herein.

2.2. BYLAWS. A copy of the BYLAWS is attached as Exhibit "C." No amendment to the BYLAWS shall be deemed an amendment to this DECLARATION, and this DECLARATION shall not prohibit or restrict amendments to the BYLAWS, except as specifically provided herein.

2.3. Powers of the ASSOCIATION. The ASSOCIATION shall have all of the powers indicated or incidental to those contained in its ARTICLES and BYLAWS. In addition, the ASSOCIATION shall have the power to enforce this DECLARATION and shall have all of the powers granted to it by this DECLARATION. By this DECLARATION, the SUBJECT PROPERTY is hereby submitted to the jurisdiction of the ASSOCIATION.

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2.4. Approval or Disapproval of Matters. Whenever the approval, consent, or decision of the OWNERS is required for any matter pursuant to this DECLARATION, the ARTICLES or the BYLAWS, such approval, consent, or decision shall be made by a majority of the votes of the OWNERS present in person or by proxy at a duly called meeting of the ASSOCIATION at which a quorum exists, in accordance with the ARTICLES and the BYLAWS, except for matters where a greater voting requirement is specified.

2.5. Acts of the ASSOCIATION. Unless the approval or action of the OWNERS and/or a certain specific percentage of the BOARD is specifically required by this DECLARATION, the ARTICLES or BYLAWS, or by applicable law, all approvals or actions required or permitted to be given or taken by the ASSOCIATION shall be given or taken by the BOARD, without the consent of the OWNERS, and the BOARD may so approve an act through the proper officers of the ASSOCIATION without a specific resolution. When an approval or action of the ASSOCIATION is permitted to be given or taken, such action or approval may be conditioned in any manner the ASSOCIATION deems appropriate, or the ASSOCIATION may refuse to take or give such action or approval without the necessity of establishing the reasonableness of such conditions or refusal, except as herein specifically provided in the contrary.

2.6. Management and Service Contracts. The ASSOCIATION shall have the right to contract for professional management or services on such terms and conditions as the BOARD deems desirable in its sole discretion, provided however, that any such contract shall not exceed three (3) years and shall be terminable by either party without cause and without payment of a termination or penalty fee on ninety (90) days or less written notice.

2.7. Membership. All OWNERS shall be members of the ASSOCIATION. Membership as to each LOT shall be established and transferred, as provided by the ARTICLES and the BYLAWS.

2.8. OWNERS Voting Rights. The votes of the OWNERS shall be established and exercised as provided in the ARTICLES and BYLAWS.

3. COMMON AREAS, DUTIES AND OBLIGATIONS OF THE ASSOCIATION.

3.1. Conveyance of COMMON AREAS to ASSOCIATION.

3.1.1. By DECLARANT. DECLARANT shall have the right to convey title to any property owned by it, or any easement or interest therein, to the ASSOCIATION as a COMMON AREA, and the ASSOCIATION shall be required to accept such conveyance. Any such conveyance shall be effective upon recording the deed or instrument of conveyance in the public records of the county where the SUBJECT PROPERTY is located.

3.1.2. By Any Other PERSON. Any other PERSON may also convey title to any property owned by such PERSON, or any easement or interest therein, to the ASSOCIATION as a COMMON AREA, but the ASSOCIATION shall not be required to accept any such conveyance, and no such conveyance shall be effective to impose any obligation for the maintenance, operation or improvement of any such property upon the ASSOCIATION, unless the BOARD expressly accepts the conveyance by executing the deed or other instrument of conveyance or by recording a written acceptance of such conveyance in the public records of the county in which the SUBJECT PROPERTY is located.

3.2. Use and Benefit. All COMMON AREAS shall be held by the ASSOCIATION for the use and benefit of the ASSOCIATION and the OWNERS, the residents of the SUBJECT PROPERTY, and their respective guests and invitees, the holders of any mortgage encumbering any LOT, from time to time, and any other persons authorized to use the COMMON AREAS or any portion thereof by DECLARANT or the ASSOCIATION, for all proper and reasonable purposes and uses for which the same are reasonably intended, subject to the terms of this DECLARATION, subject to the terms of any easement, restriction, reservation or limitation of record affecting the COMMON AREA or contained in the deed or instrument conveying the COMMON AREA to the ASSOCIATION, and subject to any rules and regulations adopted by the ASSOCIATION. An easement and right for such use is hereby created in favor of all OWNERS, appurtenant to the title to their LOTS.

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3.3. Grant and Modification of Easements. The ASSOCIATION shall have the right to grant, modify or terminate easements over, under, upon, and/or across any property owned by the ASSOCIATION, and shall have the further right to modify, relocate or terminate existing easements in favor of the ASSOCIATION.

3.4. Additions, Alterations or Improvements. The ASSOCIATION shall have the right to make additions, alterations or improvements to the COMMON AREAS, and to purchase any personal property, as it deems necessary or desirable from time to time, provided, however that the approval of not less than 2/3 of the votes of all of the OWNERS shall be required for any addition, alteration, or improvement or any purchase of personal property, exceeding a sum equal to one (1) month's total ASSESSMENTS for COMMON EXPENSES payable by all of the MEMBERS, or if the cost of the foregoing shall in any fiscal year exceed in the aggregate a sum equal to two (2) months' ASSESSMENTS for COMMON EXPENSES payable by all of the OWNERS. The foregoing approval shall in no event be required with respect to expenses incurred in connection with the maintenance, repair or replacement of existing COMMON AREAS, or any existing improvements or personal property associated therewith. The cost and expense of any such additions, alterations or improvements to the COMMON AREAS, or the purchase of any personal property, shall be a COMMON EXPENSE. In addition, so long as DECLARANT owns any portion of the SUBJECT PROPERTY, DECLARANT shall have the right to make any additions, alterations or improvements to the COMMON AREAS as may be desired by DECLARANT in its sole discretion from time to time, at DECLARANT's expense.

3.5. Utilities. The ASSOCIATION shall pay for all utility services for the COMMON AREAS, or for any other property to be maintained by the ASSOCIATION, as a COMMON EXPENSE.

3.6. Taxes. The ASSOCIATION shall pay all real and personal property taxes and assessments, if any, assessed against any property owned by the ASSOCIATION, as a COMMON EXPENSE.

3.7. Insurance. The ASSOCIATION shall purchase insurance as a COMMON EXPENSE, as follows:

3.7.1. Hazard Insurance protecting against loss or damaged by fire and all other hazards that are normally covered by the standard extended coverage endorsement, and all other perils customarily covered for similar types of projects, including those covered by the standard all-risk endorsement, covering 100% of the current replacement cost of all COMMON AREAS and property owned by the ASSOCIATION, excluding land, foundations, excavations, landscaping, and other items normally excluded from insurance coverage. The ASSOCIATION shall not use hazard insurance proceeds for any purpose other than the repair, replacement or reconstruction of any damaged or destroyed property without the approval of at least two-thirds (2/3) of the votes of the OWNERS.

3.7.2. Comprehensive General Liability Insurance protecting the ASSOCIATION from claims for bodily injury, death or property damage providing for coverage of at least \$500,000 for any single occurrence or such lesser amount as is approved by the OWNERS.

3.7.3. Blanket Fidelity Bonds for anyone who handles or is responsible for funds held or administered by the ASSOCIATION, covering the maximum funds that will be in the custody or control of the ASSOCIATION or any managing agent, which coverage shall be at least equal to the sum of three (3) months assessments on all LOTS plus reserve funds.

3.7.4. Such other insurance as may be desired by the ASSOCIATION, such as flood insurance, errors and omissions insurance, workman's compensation insurance, or any other insurance.

3.7.5. All insurance purchased by the ASSOCIATION must include a provision requiring at least thirty (30) days written notice to the ASSOCIATION before the insurance can be cancelled or the coverage reduced for any reason.

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3.7.6. Any deductible or exclusion under the policies shall be a COMMON EXPENSE and shall not exceed \$2,500 or such other sum as is approved by the OWNERS.

3.7.7. Upon request, each INSTITUTIONAL LENDER shall have the right to receive a copy or certificate of the insurance purchased by the ASSOCIATION, and shall have the right to require at least thirty (30) days written notice to the INSTITUTIONAL LENDER before any insurance can be cancelled or the coverage reduced for any reason. Each INSTITUTIONAL LENDER shall have the right upon notice to the ASSOCIATION to review and approve, which approval shall not be unreasonably withheld, the form, content, issuer, coverage and deductibles of all insurance purchased by the ASSOCIATION, and to require the ASSOCIATION to purchase insurance complying with the reasonable and customary requirements of the INSTITUTIONAL LENDER. In the event of a conflict between the INSTITUTIONAL LENDER, the requirements of the INSTITUTIONAL LENDER holding mortgages encumbering LOTS which secure the largest aggregate indebtedness shall control.

3.7.8. Waiver. If the BOARD determines that the insurance required to be purchased by the ASSOCIATION pursuant to this Paragraph would be unduly expensive, or if such insurance is not obtainable, the ASSOCIATION may purchase insurance with less coverage than specified above, provided the BOARD gets the approval of the OWNERS as to such action.

3.8. Default. Any OWNER or INSTITUTIONAL LENDER may pay for any utilities, taxes or assessments, or insurance premiums which are not paid by the ASSOCIATION when due, or may secure new insurance upon the lapse of an insurance policy, and shall be owed immediate reimbursement therefor from the ASSOCIATION, plus interest and any costs of collection, including attorneys' fees.

3.9. Damage or Destruction. In the event any improvement (other than landscaping) within any COMMON AREA is damaged or destroyed due to fire, flood, wind, or other casualty or reason, the ASSOCIATION shall restore, repair, replace or rebuild (hereinafter collectively referred to as a "repair") the damaged improvement to the condition the improvement was in immediately prior to such damage or destruction, unless otherwise approved by two-thirds (2/3) of the votes of the OWNERS. If any landscaping within any COMMON AREA or any other property maintained by the ASSOCIATION is damaged or destroyed, the ASSOCIATION shall only be obligated to make such repairs to the landscaping as is determined by the BOARD in its discretion. Any excess cost of repairing any improvement over insurance proceeds payable on account of any damage or destruction shall be a COMMON EXPENSE, and the ASSOCIATION shall have the right to make a special ASSESSMENT for any such expense.

3.10. Maintenance of COMMON AREAS and other Property. The ASSOCIATION shall maintain all COMMON AREAS and property owned by the ASSOCIATION, and all improvements thereon, in good condition at all times. If pursuant to any easement the ASSOCIATION is to maintain any improvement within any property, then the ASSOCIATION shall maintain such improvement in good condition at all times. In addition, the ASSOCIATION shall have the right to assume the obligation to operate and/or maintain any property which is not owned by the ASSOCIATION if the BOARD, in its sole discretion, determines that the operation and/or maintenance of such property by the ASSOCIATION would be in the best interests of the residents of the SUBJECT PROPERTY. In such event, where applicable the ASSOCIATION shall so notify any OWNER otherwise responsible for such operation or maintenance, and thereafter such property shall be operated and/or maintained by the ASSOCIATION and not by the OWNER, until the BOARD determines no longer to assume the obligation to operate and/or maintain such property and so notifies the appropriate OWNER in writing. Without limitation, the ASSOCIATION shall have the right to assume the obligation to operate and/or maintain any walls or fences on or near the boundaries of the SUBJECT PROPERTY, and any pavement, landscaping, sprinkler systems, sidewalks, paths, signs, entrance features, or other improvements, in or within 40 feet of any public road right-of-ways within or contiguous to the SUBJECT PROPERTY. To the extent the ASSOCIATION assumes the obligation to operate and/or maintain any property which is not owned by the ASSOCIATION, the ASSOCIATION shall have an easement and right to enter upon such property in connection with the operation in or maintenance of same, and no such entry shall be deemed a trespass. Such assumption by the ASSOCIATION of the

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obligation to operate and/or maintain any property which is not owned by the ASSOCIATION may be evidenced by a supplement to this DECLARATION, or by a written document recorded in the public records of the county in which the SUBJECT PROPERTY is located, and may be made in connection with an agreement with any OWNER, the DECLARANT, or any governmental authority otherwise responsible for such operation or maintenance, and pursuant to any such document the operation and/or maintenance of any property may be made a permanent obligation of the ASSOCIATION. The ASSOCIATION may also enter into agreements with any other PERSON, or any governmental authority, to share in the maintenance responsibility of any property if the BOARD, in its sole and absolute discretion, determines this would be in the best interest of the OWNER. Notwithstanding the foregoing, if any OWNER or any resident of any UNIT, or their guests or invitees, damages any COMMON AREA or any improvement thereon, the OWNER of such UNIT shall be liable to the ASSOCIATION for the cost of repair or restoration to the extent not covered by the ASSOCIATION's insurance. The provisions of this Paragraph shall not be deemed to include assumption of the obligation to operate and/or maintain property owned and/or maintained by the MASTER ASSOCIATION unless (and to the extent that) same is permitted by the MASTER DECLARATION and the MASTER ASSOCIATION.

3.11. Surface Water Management System. It is acknowledged the surface water management and drainage system for the SUBJECT PROPERTY and the ADJACENT PROPERTY is one integrated system, and accordingly the entire surface water management system for the SUBJECT PROPERTY shall be deemed a COMMON AREA, and an easement is hereby created over, across, under and through the entire SUBJECT PROPERTY for surface water drainage and for the installation and maintenance of the surface water management and drainage system for the SUBJECT PROPERTY and the ADJACENT PROPERTY provided however that such easement shall be subject to improvements constructed within the SUBJECT PROPERTY as permitted by the MASTER DECLARATION and the controlling governmental authorities from time to time. The surface water management and drainage system of the SUBJECT PROPERTY shall be developed, operated and maintained in conformance with the requirements of the MASTER DECLARATION and the Sunshine Water Control District and/or any other controlling governmental authority. The ASSOCIATION shall maintain ~~as a~~ COMMON EXPENSE the entire surface water management and drainage system for the SUBJECT PROPERTY, including, but not limited to, all lakes, canals, swale areas, retention areas, culverts, pipes, pumps, catch basins and related appurtenances are located within the SUBJECT PROPERTY whether or not same are owned by the ASSOCIATION. Such maintenance shall be performed in conformance with the requirements of the MASTER DECLARATION and the Sunshine Water Control District and any other controlling governmental authority, and an easement for such maintenance is hereby created. Such maintenance responsibility on the part of the ASSOCIATION shall not be deemed to include the maintenance of those portions of the surface water management system lying within the ADJACENT PROPERTY or the banks of any lake or canal, or the maintenance of any landscaping, within any PROPERTY located within the SUBJECT PROPERTY which is not a COMMON AREA or contiguous to a COMMON AREA or which is not otherwise to be maintained by the ASSOCIATION pursuant to this DECLARATION or the MASTER DECLARATION. Such maintenance responsibility may, but is not required to, include any portion of the surface water management and drainage system for the SUBJECT PROPERTY which is owned and maintained by any controlling governmental authority.

3.12. Mortgage and Sale of COMMON AREAS. The ASSOCIATION shall not encumber, sell or transfer any COMMON AREA owned by the ASSOCIATION without the approval of two-third (2/3) of the votes of all of the OWNERS, excluding DECLARANT, provided, however, that the ASSOCIATION may dedicate any COMMON AREA to any governmental authority with the approval of the OWNERS. Notwithstanding the foregoing, if DECLARANT changes the location of any unconveyed LOTS such that a portion of the COMMON AREA would be within a relocated LOT, then the ASSOCIATION shall have the right without the approval of the OWNERS to convey such portion of the COMMON AREAS to DECLARANT, and in connection therewith, DECLARANT shall convey to the ASSOCIATION any property which will be a COMMON AREA due to the relocation of the LOTS. If ingress or egress to any PROPERTY is through any COMMON AREA, any conveyance or encumbrance of such COMMON AREA shall be subject to an appurtenant easement for ingress and egress in favor of the OWNER(S) of such PROPERTY, unless alternative ingress and egress is provided to the OWNER(S).

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3.13. Perimeter Wall or Fence. DECLARANT and the ASSOCIATION shall have an easement around the entire boundary of the SUBJECT PROPERTY including, but not limited to the LOTS, which easement shall extend ten (10) feet into the SUBJECT PROPERTY including, but not limited to the LOTS, from the outer boundary of the SUBJECT PROPERTY for the installation and maintenance of a wall or fence. If any wall or fence is constructed within such easement, the ASSOCIATION shall maintain the wall or fence, and the landscaping located between the wall or fence and the perimeter of the SUBJECT PROPERTY, and an easement for such maintenance is hereby established over, across, under and through the SUBJECT PROPERTY, including but not limited to the LOTS for such purposes. Notwithstanding anything to the contrary on this Paragraph 3.13, the provisions of this Paragraph 3.13 shall not include or apply to any property, wall, fence or landscaping owned and/or to be maintained by the MASTER ASSOCIATION in accordance with the MASTER DECLARATION.

3.14. Guardhouse or Security Gate. It is acknowledged that DECLARANT may, but will not be required to, construct a guardhouse and/or security gate at the entrance(s) into the SUBJECT PROPERTY, which may be staffed by a guard, or which may contain a unmanned security system. So long as DECLARANT appoints a majority of the Directors of the ASSOCIATION if the guardhouse is to be staffed by a guard, DECLARANT shall have the right to determine, in its sole discretion, whether, and during what hours the guardhouse will be staffed. In any event, DECLARANT or the ASSOCIATION shall not have any liability for any injury, damage or loss, of any kind or nature whatsoever due to the fact that the guardhouse is not staffed by a guard, or due to the failure of any guard or mechanical or electrical security system to prevent or detect a theft, burglary or any unauthorized entry into the SUBJECT PROPERTY.

3.15. Sidewalks and Street Lighting. The ASSOCIATION shall maintain any common sidewalks or walkways within the SUBJECT PROPERTY, but not any sidewalk or walkway exclusively serving only one LOT. The ASSOCIATION shall also maintain any common street lighting within the SUBJECT PROPERTY, other than any street lighting exclusively serving one LOT, and shall maintain and pay for any utility services used in connection with such common street lighting.

4. EASEMENTS. Each of the following easements are hereby created, which shall run with the land and, notwithstanding any of the other provisions of this DECLARATION, may not be substantially amended or revoked in such a way as to unreasonably interfere with their proper and intended uses and purposes, and each shall survive the termination of this DECLARATION.

4.1. Easements for Pedestrian and Vehicular Traffic. Easements for pedestrian traffic cover, through and across sidewalks, paths, lanes and walks, as the same may from time to time exist upon the COMMON AREAS and be intended for such purpose; and for pedestrian and vehicular traffic and parking over, through, across and upon such portion of the COMMON AREAS as may from time to time be paved and intended for such purposes, same being for the use and benefit of the OWNERS and the residents of the SUBJECT PROPERTY, their mortgagees, and their guests and invitees.

4.2. Perpetual Nonexclusive Easement in COMMON AREAS. The COMMON AREAS shall be, and the same are hereby declared to be, subject to a perpetual nonexclusive appurtenant easement in favor of all OWNERS and residents of the SUBJECT PROPERTY from time to time, and their guests and invitees, for all proper and normal purposes and for the furnishing of services and facilities for which the same are reasonably intended.

4.3. Service and Utility Easements. Easements in favor of governmental and quasi-governmental authorities, utility companies, cable television companies, ambulance or emergency vehicle companies and mail carrier companies, over and across all roads existing from time to time with the SUBJECT PROPERTY, and over, under, on and across the COMMON AREAS, as may be reasonably required to permit the foregoing, and their agents and employees, to provide their respective authorized services to and for the SUBJECT PROPERTY. Also, easements as may be required for the installation, maintenance, repair and providing of utility services, equipment and fixtures in order to adequately serve the SUBJECT PROPERTY, including, but not limited to, electricity, telephones, sewer, water, lighting, irrigation, drainage, television antenna and cable television facilities, and electronic security.

However, easements affecting any LOT which serve any other portion of the SUBJECT PROPERTY shall only be under the LOT, and shall only be for utility services actually constructed, or reconstructed, and for the maintenance thereof, unless otherwise approved, in writing by the OWNER of the LOT. An OWNER shall do nothing on his LOT which interferes with or impairs the utility services using these easements. The BOARD or its designee shall have a right of access to each LOT and UNIT to inspect, maintain, repair or replace the utility service facilities contained under the LOT and to remove any improvements interfering with or impairing the utility services or easement herein reserved; provided such right of access shall not unreasonably interfere with the OWNER's permitted use of the LOT and, except in the event of an emergency, entry into any UNIT shall be made with reasonable notice to the OWNER.

4.4. Encroachments. If any portion of the COMMON AREAS encroaches upon any LOT; if any UNIT or other improvement encroaches upon any LOT or upon any portion of the COMMON AREAS; or if any encroachment shall hereafter occur as a result of (i) construction or reconstruction of any improvements; (ii) settling or shifting of any improvements; (iii) any addition, alteration or repair to the COMMON AREAS made by or with the consent of the ASSOCIATION; (iv) any repair or restoration of any improvements (or any portion thereof) or any UNIT after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of all or any portion of any UNIT or the COMMON AREAS; or (v) any non-purposeful or non-negligent act of an OWNER except as may be authorized by the BOARD, then, in any such event, a valid easement shall exist for such encroachment and for the maintenance of the same so long as the improvements shall stand.

4.5. Additional Easements. DECLARANT (so long as it owns any LOT) and the ASSOCIATION, on their behalf and on behalf of all OWNERS, each shall have the right to (i) grant and declare additional easements over, upon, under and/or across the COMMON AREAS in favor of DECLARANT or any person, entity, public or quasi-public authority, or utility company, or (ii) modify, relocate, abandon or terminate existing easements benefitting or affecting the SUBJECT PROPERTY. In connection with the grant, modification, relocation, abandonment or termination of any easement, DECLARANT reserves the right to relocate roads, parking areas, utility lines, and other improvements upon or serving the SUBJECT PROPERTY. So long as the foregoing will not unreasonably and adversely interfere with the use of LOTS for dwelling purposes, no consent of any OWNER or any mortgagee of any LOT shall be required or, if same would unreasonably and adversely interfere with the use of any LOT for dwelling purposes, only the consent of the OWNERS and INSTITUTIONAL LENDERS of LOTS so affected shall be required. To the extent required, all OWNERS hereby irrevocably appoint DECLARANT and/or the ASSOCIATION as their attorney-in-fact for the foregoing purposes.

4.6. Sale and Development Easement. DECLARANT reserves and shall have an easement over, upon, across and under the SUBJECT PROPERTY as may be reasonably required in connection with the development, construction, sale and promotion, or leasing, of any LOT or UNIT within the SUBJECT PROPERTY or within any other property owned by DECLARANT.

4.7. Easements and Restrictions of Record. The SUBJECT PROPERTY is subject to all restrictions, reservations and easements which have been placed of record prior to the recording of this DECLARATION including, but not limited to, the MASTER DECLARATION and the PLAT of ROYAL LAND AMENDED recorded at Plat Book 132 Page 20 of the Public Records of Broward County, Florida.

5. USE RESTRICTIONS.

5.1. One UNIT Per LOT. Only one UNIT shall be constructed on any LOT.

5.2. Roofs. Unless otherwise approved by the APPROVING PARTY, all roofs shall be pitched and shall be constructed of flat or barrel cement tile, handsawn or split Cedar shake, slate or copper, all as defined by common usage. In the event some new, attractive material for roofing is developed, the APPROVING PARTY may in its sole discretion approve the use of such material, and provided further that nothing herein shall preclude the

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installation of skylights or solar energy devices if in the sole judgment of the APPROVING PARTY same does not detract from the appearance of the UNIT.

5.3. Garages. Each UNIT shall have a garage or garages providing parking for at least two (2) automobiles. No garage shall be erected which is separate from the UNIT, provided that the APPROVING PARTY may approve a garage which, while separated from the UNIT, is connected by a portico or similar structure. No garage shall be permanently enclosed, and no portion of a garage originally intended for the parking of an automobile shall be converted into a living space or storage area without the prior written consent of the APPROVING PARTY. All garage doors shall remain closed when not in use.

5.4. No Trade or Business. No trade, business, profession, or commercial activity, or any other nonresidential use, shall be conducted upon any portion of the SUBJECT PROPERTY or within any LOT or UNIT, without the consent of the APPROVING PARTY. The foregoing shall not prohibit any OWNER from leasing his UNIT.

5.5. Leases. All leases of a UNIT must be in writing and specifically be subject to this DECLARATION, the ARTICLES and the BYLAWS and copies delivered to the APPROVING PARTY prior to occupancy by the tenant(s). No lease shall be for a period of less than three (3) months, and no UNIT may be leased more than two (2) times in any consecutive twelve (12)-month period, without the consent of the APPROVING PARTY.

5.6. Outside Storage of Personal Property. The personal property of any resident of the SUBJECT PROPERTY shall be kept inside the resident's UNIT or a fenced or a walled-in yard, except for patio furniture and accessories, and other personal property commonly kept outside, which must be kept in the rear of the LOT and must be neat appearing and in good condition.

5.7. Portable Buildings. No portable, storage, temporary or accessory buildings or structures, or tents, shall be erected, constructed or located upon any LOT for storage or otherwise, without the prior written consent of the APPROVING PARTY, and in any event any permitted such building or structure must be screened from view from adjoining roads.

5.8. Garbage and Trash. Each OWNER shall regularly pick up all garbage, trash, refuse or rubbish on the OWNER's LOT. Garbage, trash, refuse or rubbish that is required to be placed at the front of the LOT in order to be collected may be placed and kept at the front of the LOT after 5:00 p.m. on the day before the scheduled day of collection, and any trash facilities must be removed on the collection day. All garbage, trash, refuse or rubbish must be placed in appropriate trash facilities or bags. All containers, dumpsters or garbage facilities shall be stored inside a UNIT or fenced-in area and screened from view and kept in a clean and sanitary condition. No noxious or offensive odors shall be permitted.

5.9. Vehicles and Boats. Only automobiles, vans constructed as private passenger vehicles with permanent rear seats and side windows, and other vehicles manufactured and used as private passenger vehicles, may be parked within the SUBJECT PROPERTY overnight without the prior written consent of the APPROVING PARTY, unless kept within an enclosed garage. In particular and without limitation, without the prior written consent of the APPROVING PARTY, no vehicle containing commercial lettering, signs or equipment, and no truck, recreational vehicle, camper, trailer or vehicle other than a private passenger vehicle as specified above, and no boat, may be parked or stored outside of a UNIT overnight. No overnight parking is permitted on any streets, lawns, or areas other than driveways and garages, without the consent of the APPROVING PARTY. Notwithstanding the foregoing, automobiles owned by governmental law enforcement agencies are expressly permitted. The foregoing restrictions shall not be deemed to prohibit the temporary parking of

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commercial vehicles while making delivery to or from, or while used in connection with providing services to, the SUBJECT PROPERTY. All vehicles parked within the SUBJECT PROPERTY must be in good condition and repair, and no vehicle which does not contain a current license plate or which cannot operate on its own power shall be parked within the SUBJECT PROPERTY outside of an enclosed garage for more than twenty-four (24) hours, and no major repair of any vehicle shall be made on the SUBJECT PROPERTY. No motorcycle, motorbike, moped, all-terrain vehicle, or other such vehicle is permitted to be operated within the SUBJECT PROPERTY unless such vehicle is licensed for street use and equipped with appropriate noise-muffling equipment so that its operation does not create an unreasonable annoyance to the residents of the SUBJECT PROPERTY, and if the APPROVING PARTY determines the operation of any such vehicle creates an unreasonable annoyance to the residents of the SUBJECT PROPERTY, then after written demand from the APPROVING PARTY, the vehicle shall not be operated within the SUBJECT PROPERTY.

5.10. Pets. No animals, livestock or poultry of any kind shall be permitted within the SUBJECT PROPERTY except for common household domestic pets. No pit bull terriers are permitted without the consent of the APPROVING PARTY. Any pet must be carried or kept on a leash when outside of a UNIT or fenced-in area. No pet shall be permitted to go or stray on any other LOT without the permission of the OWNER of the LOT. Any pet must not be an unreasonable nuisance or annoyance to other residents of the SUBJECT PROPERTY. Any resident shall immediately pick up and remove any solid animal waste deposited by his pet on the SUBJECT PROPERTY, except for designated pet-walk areas, if any. No commercial breeding of pets is permitted within the SUBJECT PROPERTY. The APPROVING PARTY may require any pet to be immediately and permanently removed from the SUBJECT PROPERTY due to a violation of this paragraph.

5.11. Landscaping. The initial landscaping of any HOME, and any material modifications, additions, or substitutions thereof, must be approved by the APPROVING PARTY. The OWNER of each LOT containing a HOME shall be required to maintain the landscaping on his LOT, and on any contiguous property between his LOT and the pavement edge of any abutting road or the waterline of any abutting lake or canal, all in accordance with the landscaping plans approved by the APPROVING PARTY, and in accordance with the provisions of this DECLARATION and the requirements of any controlling governmental authority. All such landscaping shall be maintained by the OWNER in first class condition and appearance and, as reasonably required, mowing, watering, trimming, fertilizing, and weed, insect and disease control shall be performed by the OWNER. Underground sprinkler systems shall be installed, maintained and used to irrigate all landscaping on the LOT, or any other landscaping which the OWNER of the LOT is required to maintain pursuant to this paragraph. All landscaped areas shall be primarily grass, and shall not be paved or covered with gravel or any artificial surface without the prior written consent of the APPROVING PARTY. All dead or diseased sod, plants, shrubs, trees, or flowers shall be promptly replaced, and excessive weeds, underbrush or unsightly growth shall be promptly removed. No artificial grass, plants, or other artificial vegetation shall be placed or maintained upon the exterior of any LOT. Notwithstanding the foregoing, no OWNER shall install or maintain any landscaping on any portion of his LOT to be maintained by the ASSOCIATION, without the prior written consent of the BOARD.

5.12. Maintenance. Each OWNER shall maintain his UNIT and all improvements and personal property upon his LOT in first class condition at all times, except any portions thereof to be maintained by the ASSOCIATION as provided in this DECLARATION. The exterior of all UNITS including but not limited to roofs, walls, doors, windows, patio areas, pools, screenings, and awnings shall be maintained in first class condition and repair and in a neat and attractive manner. All exterior painted areas shall be painted as reasonably necessary, with colors which are harmonious with other UNITS, and no excessive rust deposits on the exterior of any UNIT, peeling of paint or discoloration of same shall be permitted. No OWNER shall change the exterior color of his UNIT without the consent of the APPROVING PARTY. All sidewalks,

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holding a bona fide "open house" to lease or sell the UNIT on the LOT. In the event any sign is installed on any LOT or on the exterior of any UNIT which violates this Paragraph, the APPROVING PARTY shall have the right to remove such sign without notice to the OWNER, and the removal shall not be deemed a trespass and the APPROVING PARTY shall not be liable to the OWNER for the removal or for any damage or loss to the sign.

5.21. Window Treatments. Window treatments shall consist of drapery, blinds, decorative panels, or other tasteful window covering, and no newspaper, aluminum foil, sheets or other temporary window treatments are permitted, except for period not exceeding one (1) week after an OWNER or tenant first moves into a UNIT or when permanent window treatments are being cleaned or repaired.

5.22. Boats. (No boats may be kept or stored outside of any UNIT, without the prior written consent of the APPROVING PARTY.

5.23. Surface Water Management. No OWNER or any other PERSON shall do anything to adversely affect the surface water management and drainage of the ADJACENT PROPERTY. No OWNER or any other PERSON shall do anything to adversely affect the surface water management and drainage of the SUBJECT PROPERTY without the prior written approval of the APPROVING PARTY and any controlling governmental authority. Acts of an OWNER or other PERSON with respect to the surface water management and drainage system included within the aforesaid limitations include but are not limited to the excavation or filling in of any lake or any portion of the SUBJECT PROPERTY; provided the foregoing shall not be deemed to prohibit or restrict the initial construction of improvements upon the SUBJECT PROPERTY by DECLARANT or by the developer of any portion of the SUBJECT PROPERTY in accordance with permits issued by controlling governmental authorities. In particular, no OWNER other than DECLARANT shall install any landscaping or place any fill on the OWNER's LOT which would adversely affect the drainage of any contiguous LOT.

5.24. Swimming Pools. No above-ground swimming pools, spas, or the like, shall be installed without the consent of the APPROVING PARTY.

5.25. Fences, Walls, Driveways and Walkways. Fences and walls shall not be permitted in the front of any UNIT. All fences and walls must be maintained in good condition at all times. No fences or walls shall be installed without the consent of the APPROVING PARTY as to the location and type of the fence or wall. The APPROVING PARTY, in approving any fence or wall as elsewhere provided, shall have the right to require all fences and walls throughout the SUBJECT PROPERTY to be of a specified standard type of construction and material, and shall have the right to prohibit any other types of fences and/or walls, and shall further have the right to change such standard as to any new fences or walls from time to time, as the APPROVING PARTY deems appropriate. Notwithstanding the foregoing, no OWNER shall maintain any portion of any wall or fence which is to be maintained by the ASSOCIATION, as elsewhere provided in this DECLARATION. Asphalt driveways and walkways shall not be permitted.

5.26. Wells and Septic Tanks. No well shall be installed within any PROPERTY within the SUBJECT PROPERTY. The use of Septic Tanks shall not be permitted on any PROPERTY within the SUBJECT PROPERTY.

5.27. Architectural Control for Exterior Changes.

5.27.1. Purpose. The APPROVING PARTY shall have the right to exercise architectural control over all IMPROVEMENTS, to assist in making the entire SUBJECT PROPERTY a community of high standards and aesthetic beauty. Such architectural control may include all architectural aspects of any IMPROVEMENT including, but not limited to, size, height, site planning, set-back exterior design, materials, colors, open space, landscaping, waterscaping and aesthetic criteria.

5.27.2. OWNER to Obtain Approval. No OWNER shall make any IMPROVEMENT, and no OWNER shall apply for any governmental approval or building or other permit for any IMPROVEMENT, unless the OWNER first obtains the written approval of the IMPROVEMENT from the APPROVING PARTY.

5.27.3. Request for Approval. Any request for approval by the APPROVING PARTY of any IMPROVEMENT shall be in writing and shall be accompanied by plans and specifications or other details as the APPROVING PARTY may deem reasonably necessary in connection with its determination as to whether or not it will approve same. The plans and specifications submitted for approval shall show the nature, kind, shape, height, materials, color and location of all proposed IMPROVEMENTS. If the APPROVING PARTY deems the plans and specifications deficient, the APPROVING PARTY may require such further detail in the plans and specifications as the APPROVING PARTY deems necessary in connection with its approval of same, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors, and until receipt of the foregoing, the APPROVING PARTY may postpone review of any plans submitted for approval. The APPROVING PARTY shall have the right to charge a reasonable fee to any PERSON requesting architectural approval, including where applicable the fee of any architect or engineer hired by the APPROVING PARTY to review any plans or specifications, provided that the APPROVING PARTY shall not be required to use the services of any architect or engineer in connection with its exercise of architectural approval. The APPROVING PARTY shall not be obligated to review or approve any plans and specifications until such fee is paid. Approval of any request shall not be withheld in a discriminatory manner or in a manner which unreasonably prohibits the reasonable improvement of any PROPERTY, but may be withheld due to aesthetic considerations.

5.27.4. Approval. The APPROVING PARTY shall notify the OWNER of its approval or disapproval, or that the APPROVING PARTY requires additions to the plans and specifications or other materials, by written notice within thirty (30) days after request for such approval is made in writing to the APPROVING PARTY, and all documents, plans and specifications, and other materials required by the APPROVING PARTY in connection with such approval have been submitted. In the event the APPROVING PARTY fails to disapprove any request within such thirty (30)-day period, the request shall be deemed approved and upon request the APPROVING PARTY shall give written notice of such approval, provided the party requesting such approval pays any fee charged by the APPROVING PARTY in connection with the approval. In consenting to any proposed IMPROVEMENT, the APPROVING PARTY may condition such consent upon changes being made and any such approval shall be deemed a disapproval unless and until the party requesting the approval agrees to the changes. If the APPROVING PARTY approves, or is deemed to have approved, any IMPROVEMENT, the OWNER requesting approval may proceed to make the IMPROVEMENT in strict conformance with the plans and specifications approved or deemed to have been approved, subject to any conditions of the APPROVING PARTY's approval, and shall not make any material changes without the approval of the APPROVING PARTY. If the APPROVING PARTY approves any IMPROVEMENT, same shall not require the APPROVING PARTY, or any subsequent APPROVING PARTY to approve any similar IMPROVEMENT in the future, and the APPROVING PARTY shall have the right in the future to withhold approval of similar IMPROVEMENTS requested by any other OWNER.

5.27.5. Architectural Guidelines and Criteria. The APPROVING PARTY may adopt and modify from time to time, in its discretion, minimum guidelines, criteria and/or standards which will be used by it in connection with its exercise of architectural control, provided however that same shall not apply to any previously existing or approved IMPROVEMENT. The foregoing may include, but are not limited to, minimum square footage, maximum height, minimum set-back and minimum landscaping requirements.

5.27.6. Inspections. Upon the completion of any IMPROVEMENT, the applicable OWNER shall give written notice of the completion to the APPROVING PARTY. Within ninety (90) days thereafter, the APPROVING PARTY shall inspect the IMPROVEMENT and notify the OWNER in writing that the IMPROVEMENT is accepted, or that the IMPROVEMENT is deficient because it was not completed in conformance with the approved plans and specifications or in a manner otherwise acceptable to the APPROVING PARTY, specifying the particulars of such deficiencies. Within thirty (30) days thereafter the OWNER shall correct the deficiencies set forth in the notice, and upon completion of the work the APPROVING PARTY shall again be given a notice of the completion, and the provisions of this paragraph shall again become operative. If the APPROVING PARTY fails to notify the OWNER of any deficiencies within Ninety (90) days

after receipt of a notice of completion the IMPROVEMENT shall be deemed to have been accepted by the APPROVING PARTY.

5.27.7. Remedy for Violations. In the event this section is violated in that any IMPROVEMENT is made without first obtaining the approval of the APPROVING PARTY, or is not made in strict conformance with any approval given or deemed given by the APPROVING PARTY, the APPROVING PARTY shall specifically have the right to injunctive relief to require the applicable OWNER to stop, remove and/or alter any IMPROVEMENT in a manner which complies with the requirements of the APPROVING PARTY, or the APPROVING PARTY may pursue any other remedy available to it. If DECLARANT is the APPROVING PARTY, then in connection with the enforcement of this section, DECLARANT shall have all of the rights of enforcement granted to the ASSOCIATION pursuant to this DECLARATION, including, but not limited to, the right to impose fines, and to assess and lien for costs and expenses incurred in enforcing this section, except that any fines shall be paid to the ASSOCIATION. In connection with the enforcement of this section, the APPROVING PARTY shall have the right to enter onto any PROPERTY and make any inspection necessary to determine that the provisions of this paragraph have been complied with. The failure of the APPROVING PARTY to object to any IMPROVEMENT prior to the completion of the IMPROVEMENT shall not constitute a waiver of the APPROVING PARTY's right to enforce the provisions of this section. Any action to enforce this Section must be commenced within one (1) year after notice of the violation by the APPROVING PARTY, or within three (3) years after the date of the violation, whichever occurs first. The foregoing shall be in addition to any other remedy set forth herein for violation of this DECLARATION. Notwithstanding anything contained within this DECLARATION to the contrary, the APPROVING PARTY shall have the exclusive authority to enforce the provisions of this paragraph.

5.27.8. No Liability. Notwithstanding anything contained herein to the contrary, the APPROVING PARTY shall merely have the right, but not the duty, to exercise architectural control, and shall not be liable to any OWNER due to the exercise or non-exercise of such control, or the approval or disapproval of any IMPROVEMENT. Furthermore, the approval of any plans or specifications or an IMPROVEMENT shall not be deemed to be a determination or warranty that such plans or specifications or IMPROVEMENT are complete or do not contain defects, or in fact meet any standards, guidelines and/or criteria of the APPROVING PARTY, or are in fact architecturally or aesthetically appropriate, or comply with any applicable governmental requirements, and the APPROVING PARTY shall not be liable for any defect or deficiency in such plans or specifications of IMPROVEMENT, for any injury resulting therefrom.

5.27.9. Compliance with Governmental Requirements. In addition to the foregoing requirements, any IMPROVEMENT made by any OWNER must be in compliance with the requirements of all controlling governmental authorities, and the OWNER shall be required to obtain an appropriate building permit from the applicable governmental authority when required by controlling governmental requirements. Any consent or approval by the APPROVING PARTY to any IMPROVEMENT may be made conditioned upon the OWNER obtaining a building permit for same, or providing the APPROVING PARTY written evidence from the controlling governmental authority that such permit will not be required, and in that event the OWNER shall not proceed with any IMPROVEMENT until such building permit or evidence that a building permit is not required is obtained and submitted to the APPROVING PARTY.

5.27.10. Within ten (10) days after the request of any OWNER, the APPROVING PARTY shall issue without charge a written certification in recordable form as to whether or not the IMPROVEMENTS located upon the OWNER'S LOT comply with the provisions of this DECLARATION.

5.28. Rules and Regulations. The APPROVING PARTY may adopt additional reasonable rules and regulations relating to the use and maintenance of the SUBJECT PROPERTY, and rules and regulations relating to the recreational facilities within the SUBJECT PROPERTY may be posted at such recreational facilities. Copies of such rules and regulations and amendments shall be furnished by the APPROVING PARTY to any OWNER upon request.

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5.29. Waiver. The APPROVING PARTY shall have the right to waive the application of one or more of these restrictions, or to permit a deviation from these restrictions, as to any LOT where, in the discretion of the APPROVING PARTY, special circumstances exist which justify such waiver or deviation, or such waiver or deviation, when coupled with any conditions imposed for the waiver or deviation by the APPROVING PARTY, will not adversely affect any other OWNERS. In granting any waiver or deviation, the APPROVING PARTY will impose such conditions and restrictions as the APPROVING PARTY may deem necessary, and the OWNER shall be required to comply with any such restrictions or conditions in connection with any waiver or deviation. In the event of any such waiver or permitted deviation, or in the event any party fails to enforce any violation of these restrictions, such actions or inactions shall not be deemed to prohibit or restrict the right of the APPROVING PARTY, or any other person having the right to enforce these restrictions, from insisting upon strict compliance with respect to all other LOTS, nor shall any such actions be deemed a waiver of any of the restrictions contained herein as same may be applied in the future. Furthermore, any approval given by the APPROVING PARTY as to any matter shall not be deemed binding upon the APPROVING PARTY in the future, and shall not require the APPROVING PARTY to grant similar approvals in the future as to any other LOT or OWNER.

5.30. Exceptions. The foregoing use and maintenance restrictions shall not apply to DECLARANT, or to any portion of the SUBJECT PROPERTY while owned by DECLARANT, and shall not be applied in a manner which would prohibit or restrict the development of any portion of the SUBJECT PROPERTY and the construction of any UNITS and other improvements thereon, or any activity associated with the sale or leasing of any UNITS, by DECLARANT. In addition, DECLARANT shall have the right to exempt any other builder or developer from any of the foregoing use and maintenance restrictions. Specifically, and without limitation, DECLARANT shall have the right to, and any other builder or developer who is exempted from the foregoing restrictions by DECLARANT shall have the right to: (i) construct any buildings or improvements within the SUBJECT PROPERTY, and make any additions, alterations, improvements, or changes thereto, (ii) maintain customary and usual sales, leasing, general office and construction operations on any LOT; (iii) place, erect or construct portable, temporary or accessory buildings or structures upon any PROPERTY for sales, leasing, construction, storage or other purposes; (iv) temporarily deposit, dump or accumulate materials, trash, refuse and rubbish in connection with the development or construction of any LOT; and (v) post, display, inscribe or affix to the exterior of a UNIT or upon any PROPERTY, signs and other materials used in developing, constructing, selling or promoting any LOT.

6. ASSESSMENT FOR COMMON EXPENSES.

6.1. Each OWNER of a LOT (including the DECLARANT) shall be responsible for the payment to the ASSOCIATION of ASSESSMENTS for COMMON EXPENSES for each LOT owned by the OWNER, which amount shall be assessed to the OWNER as described below. In addition, each OWNER shall be responsible for the payment to the ASSOCIATION of any ASSESSMENTS owned by the prior OWNER, except for any ASSESSMENTS owed by DECLARANT, and except as provided in Paragraph 7.1.6 of this DECLARATION.

6.2. Prior to the beginning of each fiscal year of the ASSOCIATION, through the BOARD shall adopt a budget for such fiscal year which shall estimate all of the COMMON EXPENSES to be incurred by the ASSOCIATION during the fiscal year. The BOARD shall then establish the ASSESSMENT for COMMON EXPENSES for each LOT, which shall be equal and shall be determined by dividing the total amount to be assessed for COMMON EXPENSES by the number of LOTS for which ASSESSMENTS for COMMON EXPENSES are to be made pursuant to the budget. The ASSOCIATION shall then notify each OWNER in writing of the amount, frequency and due dates of the ASSESSMENT for COMMON EXPENSES. From time to time during the fiscal year, the BOARD may modify the budget, and pursuant to the revised budget or otherwise, the BOARD may, upon written

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any other purpose. Special ASSESSMENTS for COMMON EXPENSES shall be levied in the same manner as hereinbefore provided for regular ASSESSMENTS, and shall be payable in one lump sum or as otherwise determined by the BOARD in its sole discretion and as stated in the notice of any special ASSESSMENT for COMMON EXPENSES. In the event any ASSESSMENTS for COMMON EXPENSES are made payable in equal periodic payments, as provided in the notice from the ASSOCIATION, such periodic payments shall automatically continue to be due and payable in the same amount and frequency unless and until (i) the notice specifically provides that the periodic payments will terminate or change upon the occurrence of a specified event or date or the payment of the specified amount, or (ii) the ASSOCIATION notifies the OWNER in writing of a change in the amount and/or frequency of the periodic payments. In no event shall any ASSESSMENTS for COMMON EXPENSES be due less than ten (10) days from the date of the notification of such ASSESSMENTS.

6.3. In addition to ASSESSMENTS for COMMON EXPENSES, after a certificate of occupancy for a UNIT constructed upon a LOT is issued by the controlling governmental authority and upon the conveyance of the LOT, or upon the first occupancy of the UNIT, whichever occurs first, the OWNER of the LOT shall pay to the ASSOCIATION a contribution to a working capital fund of the ASSOCIATION in an amount equal to two (2) months' ASSESSMENTS for COMMON EXPENSES, which shall be in addition to the OWNER's responsibility for ASSESSMENTS for COMMON EXPENSES. The working capital fund shall be used by the ASSOCIATION for start-up expenses or otherwise as the ASSOCIATION shall determine from time to time and need not be restricted or accumulated.

6.4. Notwithstanding the foregoing, during the period when DECLARANT appoints all of the Directors of the ASSOCIATION, the ASSESSMENTS for COMMON EXPENSES shall be established by DECLARANT based upon DECLARANT's estimate of what the expenses of the ASSOCIATION would be if all UNITS and IMPROVEMENTS contemplated within the SUBJECT PROPERTY were completed, so that ASSESSMENTS for COMMON EXPENSES during such period will be approximately what the ASSESSMENTS would be if the development of the SUBJECT PROPERTY as contemplated by DECLARANT was complete.

7. DEFAULT.

7.1. Monetary Defaults and Collection of Assessments.

7.1.1. Late Fees and Interest. If any ASSESSMENT is not paid within ten (10) days after the due date, or if any check for any ASSESSMENT is dishonored, the ASSOCIATION shall have the right to charge the applicable OWNER a late or bad check fee of ten (10%) percent of the amount of the ASSESSMENT, or Twenty-Five (\$25.00) Dollars, whichever is greater, plus interest at the then highest rate of interest allowable by law from the due date until paid. If there is no due date applicable to any particular ASSESSMENT, then the ASSESSMENT shall be due ten (10) days after written demand by the ASSOCIATION.

7.1.2. Acceleration of ASSESSMENTS. If any OWNER is in default in the payment of any ASSESSMENT owed to the ASSOCIATION for more than ten (10) days after written demand by the ASSOCIATION, the ASSOCIATION upon written notice to the defaulting OWNER shall have the right to accelerate and require such defaulting OWNER to pay to the ASSOCIATION ASSESSMENTS for COMMON EXPENSES for the twelve (12) month period, based upon the then existing amount and frequency of ASSESSMENTS for COMMON EXPENSES, plus interest at the highest rate permitted by law from the date of such notice until the accelerate ASSESSMENTS for COMMON EXPENSES are paid. In the event of such acceleration, the defaulting OWNER shall continue to be liable for any increases in the regular ASSESSMENTS for COMMON EXPENSES, for all special ASSESSMENTS for COMMON EXPENSES and/or for all other ASSESSMENTS payable to the ASSOCIATION.

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(3) No Partial Release or combination of Partial Releases (a) shall deny any unreleased portion of the Property reasonable access to public streets, roads or utilities or unreasonably divide any portion or tract of the Property into strips or parcels; and (b) in Lender's judgment, shall or may materially decrease the value of any unreleased portion of the Property;

(4) Payment to Lender in "good funds" or by wire transfer \$54,650.00 per Developed Lot; and

(5) If Lender determines that the remaining Lots to be released from the Mortgage are not sufficient to secure the unpaid balance of the Loan together with interest thereon then or which may thereafter become owing, Borrower shall also pay all accrued but unpaid interest on the principal balance of the Loan then owing at the time such partial releases are requested.

Borrower shall pay all out-of-pocket costs and expenses of Lender arising in connection with any Partial Releases of the Property, including, but not limited to, reasonable legal fees of Lender's counsel.

K. APPLICABLE LAW. EXCEPT WHERE FEDERAL LAW IS APPLICABLE (INCLUDING, WITHOUT LIMITATION, ANY FEDERAL USURY CEILING OR OTHER FEDERAL LAW LAWS WHICH, FROM TIME TO TIME, IS APPLICABLE TO THE INDEBTEDNESS EVIDENCED BY THE NOTE), AND WHICH PREEMPTS STATE USURY LAWS THIS LOAN AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN SUCH STATE.

L. Notwithstanding anything contained herein to the contrary, Lender shall have no obligation to make any advances until Borrower has delivered all the items in described in Article III hereof; provided, however, if Lender elects to make any advance even though not all such items have been delivered to Lender prior thereto, Lender shall not be deemed to have waived any requirement or obligation of Borrower hereunder to thereafter deliver all of such items; provided, further, however, Borrower's failure to deliver all of such items within thirty (30) days after the date hereof shall, at the option of Lender, constitute an Event of Default hereunder and under any other of the Loan Instruments; and

M. As additional collateral, the Borrower does hereby assign, transfer and set over unto the Lender all of the Borrower's right, title, equity and interest in and to the Sales Contracts and deposits thereunder. Borrower hereby irrevocably constitutes and appoints Lender as Borrower's attorney-in-fact, which appointment is deemed to be a power coupled with an interest, and as attorney-in-fact for Borrower authorizes Lender in Borrower's name to trade and deal with the purchasers under the Sales Contracts as may be necessary to protect and preserve the validity and existence thereof in the discretion of Lender, which extends to the use and control of purchasers' deposits; provided, however, that Lender agrees it shall not exercise any rights described in this Section unless an Event of Default has occurred, or unless an act or condition has occurred, which with the passage of time or the giving of notice, or both, could constitute an Event of Default, provided, further, however, that Borrower is hereby granted a license to hold, manage, negotiate and otherwise deal with the Sales Contracts prior to the occurrence of an Event of Default or an event or condition that with the giving of notice or passage of time, or both, could result in an Event of Default.

N. Borrower shall promptly notify Lender of any default by Borrower or seller under the Purchase Agreement. Borrower shall notify Lender in writing of the compliance or non-compliance by

7.1.3. Lien for ASSESSMENTS. The ASSOCIATION has a lien on each LOT for unpaid ASSESSMENTS owed to the ASSOCIATION by the OWNER of such LOT, and for late fees and interest, and for reasonable attorneys' fees incurred by the ASSOCIATION incident to the collection of the ASSESSMENT or enforcement of the lien, and all sums advanced and paid by the ASSOCIATION for taxes and payment on account of superior mortgages, liens or encumbrances in order to preserve and protect the ASSOCIATION's lien. The lien is effective from and after recording a claim of lien in the public records in the county in which the LOT is located, stating the description of the LOT, the name of the record OWNER, and the amount due as of the recording of the claim of lien. A recorded claim of lien shall secure all sums set forth in the claim of lien, together with all ASSESSMENTS or other moneys owed to the ASSOCIATION by the OWNER until the lien is satisfied. The lien is in effect until all sums secured by it have been fully paid or until the lien is barred by law. The claim of lien must be signed and acknowledged by an officer or agent of the ASSOCIATION. Upon payments in full of all sums secured by the lien, the person making the payment is entitled to a satisfaction of the lien in recordable form.

7.1.4. Collection and Foreclosure. The ASSOCIATION may bring an action in its name to foreclose a lien for ASSESSMENTS in the manner a mortgage of real property is foreclosed and may also bring an action to recover a money judgment for the unpaid ASSESSMENTS without waiving any claim of lien, and the applicable OWNER shall be liable to the ASSOCIATION for all costs and expenses incurred by the ASSOCIATION in connection with the collection of any unpaid ASSESSMENTS, and the filing, enforcement and/or foreclosure of the ASSOCIATION's lien, including reasonable attorneys' fees whether or not incurred in legal proceedings, and all sum paid by the ASSOCIATION for taxes and on account of any other mortgage, lien, or encumbrance in order to preserve and protect the ASSOCIATION's lien. The BOARD is authorized to settle and compromise the ASSOCIATION's lien if the BOARD deems a settlement or compromise to be in the best interest of the ASSOCIATION.

7.1.5. Rental and Receiver. If an OWNER remains in possession of his UNIT and the claim of lien of the ASSOCIATION against his LOT is foreclosed, the court, in its discretion, may require the OWNER to pay a reasonable rental for the UNIT, and the ASSOCIATION is entitled to the appointment of a receiver to collect the rent.

7.1.6. Subordination of Lien. Where any person obtains title to a LOT pursuant to the foreclosure of a first mortgage of record, or where the holder of a first mortgage accepts a deed to a LOT in lieu of foreclosure of the first mortgage of record of such lender, such acquirer of title, its successors and assigns, shall not be liable for any ASSESSMENTS or for other moneys owed to the ASSOCIATION which are chargeable to the former OWNER of the LOT and which became due prior to acquisition of title as a result of the foreclosure or deed in lieu thereof, unless the payment of such funds is secured by a claim of lien recorded prior to the recording of the foreclosed or underlying mortgage. The unpaid ASSESSMENTS or other moneys are COMMON EXPENSES collectable from all of the OWNERS, including such acquirer and his successors and assigns. The new OWNER, from and after the time of acquiring such title, shall be liable for payment of all future ASSESSMENTS for COMMON EXPENSES and such other expenses as may be assessed to the OWNER's LOT. Any person who acquires a LOT, except through foreclosure of a first mortgage of record or deed in lieu thereof, including, without limitation, persons acquiring title by sale, gift, devise, operation of law or by purchase at a judicial or tax sale, shall be liable for all unpaid ASSESSMENTS and other moneys due and owing by the former OWNER to the ASSOCIATION, and shall not be entitled to occupancy of the UNIT or enjoyment of the COMMON AREAS, or of the recreational facilities as same may exist from time to time, until such time as all unpaid ASSESSMENTS and other moneys have been paid in full.

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7.1.7. Assignment of Claim and Lien Rights. The ASSOCIATION, acting through its BOARD, shall have the right to assign its claim and lien rights for the recovery of any unpaid ASSESSMENTS and any other moneys owed to the ASSOCIATION, to any third party.

7.1.8. Unpaid ASSESSMENTS Certificate. Within fifteen (15) days after written request by any OWNER or any INSTITUTIONAL LENDER holding or making a mortgage encumbering any LOT, the ASSOCIATION shall provide the OWNER or INSTITUTIONAL LENDER a written certificate as to whether or not the OWNER of the LOT is in default with respect to the payment of ASSESSMENTS or with respect to compliance with the terms and provisions of this DECLARATION, and any person or entity who relies on such certificate in purchasing or in making a mortgage loan encumbering any LOT shall be protected thereby.

7.1.9. Application of Payments. Any payments made to the ASSOCIATION by any OWNER shall first be applied towards any sums advanced and paid by the ASSOCIATION for taxes and payment on account of superior mortgages, liens or encumbrances which may have been advanced by the ASSOCIATION in order to preserve and protect its lien, next toward reasonable attorneys' fees incurred by the ASSOCIATION incidental to the collection of assessments and other moneys owed to the ASSOCIATION by the OWNER and/or for the enforcement of its lien; next towards interest on any ASSESSMENTS or other moneys due to the ASSOCIATION, as provided herein, and next towards any unpaid ASSESSMENTS owed to the ASSOCIATION, in the inverse order that such ASSESSMENTS were due.

7.2. Non-Monetary Defaults. In the event of a violation by any OWNER or any tenant of an OWNER, or any person residing with them, or their guests or invitees, (other than the non-payment of any ASSESSMENT or other moneys) of any of the provisions of the MASTER DECLARATION and/or this DECLARATION, the ARTICLES, the BYLAWS or the Rules and Regulations of the ASSOCIATION, the ASSOCIATION shall notify the OWNER and any tenant of the OWNER of the violation, by written notice. If such violation is not cured as soon as practicable and in any event within seven (7) days after such written notice, or if the violation is not capable of being cured within such seven (7) day period, if the OWNER or tenant fails to commence and diligently proceed to completely cure such violation as soon as practicable within seven (7) days after written notice by the ASSOCIATION, or if any similar violation is thereafter repeated, the ASSOCIATION may, at its option:

7.2.1. Impose a fine against the OWNER or tenant as provided in Paragraph 7.3; and/or

7.2.2. Commence an action to enforce the performance on the part of the OWNER or tenant, or for such equitable relief as may be necessary under the circumstances, including injunctive relief; and/or

7.2.3. Commence an action to recover damages; and/or

7.2.4. Take any and all actions reasonably necessary to correct such failure, which action may include, where applicable, but is not limited to, removing any addition, alteration, improvement or change which has not been approved by the ASSOCIATION, or performing any maintenance required to be performed by this DECLARATION.

All expenses incurred by the ASSOCIATION in connection with the correction of any failure, plus a service charge of ten (10%) percent of such expenses, and all expenses incurred by the ASSOCIATION in connection with any legal proceedings to enforce this DECLARATION, including reasonable attorneys' fees whether or not incurred in legal proceedings, shall be assessed against the applicable OWNER, and shall be due upon written demand by the ASSOCIATION. The ASSOCIATION shall have a lien for any such ASSESSMENT and any interest, costs or expenses associated therewith, including attorneys' fees incurred in

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connection with such ASSESSMENT, and may take such action to collect such ASSESSMENT or foreclose said lien as in the case and in the manner of any other ASSESSMENT as provided above. Any such lien shall only be effective from and after the recording of a claim of lien in the public records of the County in which the SUBJECT PROPERTY is located.

7.3. Fines. The amount of any fine shall be determined by the BOARD, and shall not exceed the greater of Twenty-Five Dollars (\$25.00) or one month's ASSESSMENT for COMMON EXPENSES for the first offense, Fifty Dollars (\$50.00) or two (2) months' ASSESSMENT for COMMON EXPENSES for a second similar offense, and One Hundred Dollars (\$100.00) or three (3) months' ASSESSMENT for COMMON EXPENSES for a third or subsequent similar offense. Notwithstanding the foregoing, if any violation of this DECLARATION or the Rules and Regulations is of a continuing nature, and if the OWNER fails to cure any continuing violation within thirty (30) days after written notice of such violation, or if such violation is not capable of being cured within such thirty (30)-day period, if the OWNER fails to commence action reasonably necessary to cure the violation within such thirty (30)-day period or shall thereafter fail to diligently proceed to cure the violation as soon as is reasonably practical, a daily fine may be imposed until the violation is cured in an amount not to exceed the greater of Five Dollars (\$5.00) or one-fourth (1/4) of one (1) month's ASSESSMENT for COMMON EXPENSES. Prior to imposing any fine, the OWNER or tenant shall be afforded an opportunity for a hearing after reasonable notice to the OWNER or tenant of not less than fourteen (14) days, which notice shall include (i) a statement of the date, time and place of the hearing, (ii) a statement of the provisions of the DECLARATION, BYLAWS or Rules and Regulations which have allegedly been violated, and (iii) a short and plain statement of the matters asserted by the ASSOCIATION. The OWNER or tenant shall have an opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge and respond to any material considered by the ASSOCIATION. At the hearing, the BOARD shall conduct a reasonable inquiry to determine whether the alleged violation in fact occurred, and if the BOARD so determines, it may impose such fine as it deems appropriate by written notice to the OWNER or tenant. If the OWNER or tenant fails to attend the hearing as set by the BOARD, the OWNER or tenant shall be deemed to have admitted the allegations contained in the notice to the OWNER or tenant. Any fine imposed by the BOARD shall be due and payable within ten (10) days after written notice of the imposition of the fine, or if a hearing is timely requested within ten (10) days after written notice of the BOARD's decision at the hearing. Any fine levied against an OWNER shall be deemed an ASSESSMENT, and if not paid when due all of the provisions of this DECLARATION relating to the late payment of ASSESSMENTS shall be applicable. If any fine is levied against a tenant and is not paid within ten (10) days after same is due, the ASSOCIATION shall have the right to evict the tenant as hereinafter provided. In any event, the ASSOCIATION shall not have the right to impose any fine against DECLARANT.

7.4. Negligence. An OWNER shall be liable and may be assessed by the ASSOCIATION for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, to the extent otherwise provided by law and to the extent that such expense is not met by the proceeds of insurance carried by the ASSOCIATION. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a LOT or UNIT, or the COMMON AREAS.

7.5. Responsibility of an OWNER for Occupants, Tenants, Guests, and Invitees. To the extent otherwise provided by law, each OWNER shall be responsible for the acts and omissions, whether negligent or willful, of any person residing in his UNIT, and for all guests and invitees of the OWNER or any such resident, and in the event the acts or omissions of any of the foregoing shall result in any damage to the COMMON EXPENSES, or any liability to the ASSOCIATION, the OWNER shall be assessed for same as in the case of any other ASSESSMENT, limited where applicable to the extent that the expense or

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Liability is not met by the proceeds of insurance carried by the ASSOCIATION. Furthermore, any violation of any of the provisions of this DECLARATION, of the ARTICLES, or the BYLAWS, by any resident of any UNIT, or any guest or invitee of an OWNER or any resident of a UNIT, shall also be deemed a violation by the OWNER, and shall subject the OWNER to the same liability as if such violation was that of the OWNER.

7.6. Right of ASSOCIATION to Evict Tenants, Occupants, Guests and Invitees. With respect to any tenant or any person present in any UNIT or any portion of the SUBJECT PROPERTY, other than an OWNER and the members of his immediate family permanently residing with him in the UNIT, if such person shall materially violate any provision of this DECLARATION, the ARTICLES, or the BYLAWS, or shall create a nuisance or an unreasonable and continuous source of annoyance to the residents of the SUBJECT PROPERTY, or shall willfully damage or destroy any COMMON AREAS or personal property of the ASSOCIATION, then upon written notice by the ASSOCIATION such person shall be required to immediately leave the SUBJECT PROPERTY and if such person does not do so, the ASSOCIATION is authorized to commence an action to evict such tenant or compel the person to leave the SUBJECT PROPERTY and, where necessary, to enjoin such person from returning. The expense of any such action, including attorneys' fees, may be assessed against the applicable OWNER, and the ASSOCIATION may collect such ASSESSMENT and have a lien for same as elsewhere provided. The foregoing shall be in addition to any other remedy of the ASSOCIATION.

7.7. No Waiver. The failure of the ASSOCIATION to enforce any right, provision, covenant or condition which may be granted by this DECLARATION, the ARTICLES, or the BYLAWS, shall not constitute a waiver of the right of the ASSOCIATION to enforce such right, provision, covenant or condition in the future.

7.8. Rights Cumulative. All rights, remedies and privileges granted to the ASSOCIATION pursuant to any terms, provisions, covenants or conditions of this DECLARATION, the ARTICLES or the BYLAWS, shall be deemed to be cumulative, and the exercise of any one or more shall neither be deemed to constitute an election of remedies, nor shall it preclude the ASSOCIATION from executing any additional remedies, rights or privileges as may be granted or as it might have by law.

7.9. Enforcement By or Against other Persons. In addition to the foregoing, this DECLARATION may be enforced by DECLARANT (so long as DECLARANT is an OWNER), or BUCKHEAD (so long as BUCKHEAD is an OWNER) or the MASTER ASSOCIATION by any procedure at law or in equity against any person violating or attempting to violate any provision herein, to restrain such violation, to require compliance with the provisions contained herein, to recover damages, or to enforce any lien created herein. The expense of any litigation to enforce this DECLARATION, including attorneys' fees shall be borne by the person against whom enforcement is sought, provided such proceeding results in a finding that such person was in violation of this DECLARATION. In addition to the foregoing any OWNER shall have the right to bring an action to enforce this DECLARATION against any person violating or attempting to violate any provision herein, to restrain such violation or to require compliance with the provisions contained herein, but no OWNER shall be entitled to recover damages or to enforce any lien created herein as a result of a violation or failure to comply with the provisions contained herein by any person, and the prevailing party in any such action shall be entitled to recover its reasonable attorneys' fees.

8. TERM OF DECLARATION. All of the foregoing covenants, conditions, reservations and restrictions shall run with the land and continue and remain in full force and effect at all times as against all OWNERS, their successors, heirs or assigns, regardless of how the OWNERS acquire title, for a period of fifty (50) years from the date of this DECLARATION, unless within such time, the MASTER ASSOCIATION and one hundred (100%) percent of the OWNERS execute a written instrument declaring a termination of this DECLARATION (as it may have been amended from time to time). After such fifty (50%)-year period, unless sooner terminated as provided above, these covenants, conditions, reservations

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and restrictions shall be automatically extended for successive periods of ten (10) years each, until the MASTER ASSOCIATION and a majority of the votes of the entire membership of the ASSOCIATION execute a written instrument declaring a termination of this DECLARATION (as it may have been amended from time to time). Any termination of this DECLARATION shall be effective on the date the instrument of termination is recorded in the public records of the county in which the SUBJECT PROPERTY is located, provided, however, that any such instrument, in order to be effective, must be approved in writing and signed by the DECLARANT so long as the DECLARANT owns any LOT, or holds any mortgage encumbering any LOT.

9. AMENDMENT.

9.1. This DECLARATION may be amended upon the approval of not less than two-third (2/3) of the OWNERS, except that if any provision of this DECLARATION requires more than a two-third (2/3) vote of the OWNERS to approve any action, such provision may not be amended to require a lesser vote, and may not be deleted, without the same number of votes required to approve such action. In addition, so long as DECLARANT owns any portion of the SUBJECT PROPERTY, this DECLARATION may be amended from time to time, by DECLARANT without the consent of the ASSOCIATION or any OWNER, and no amendment may be made by the OWNERS without the written joinder of DECLARANT. Such right of DECLARANT to amend this DECLARATION shall specifically include, but shall not be limited to, (i) amendments adding any property which will be developed in a similar manner as the SUBJECT PROPERTY, or deleting any property from the SUBJECT PROPERTY which will be developed differently than the SUBJECT PROPERTY (provided that any such amendment shall require the joinder of the owners of such property or any portion thereof if the owners are different than DECLARANT, and further provided that DECLARANT shall not have the obligation to add any property to or delete any property from the SUBJECT PROPERTY), and (ii) amendments required by any INSTITUTIONAL LENDER or governmental authority in order to comply with the requirements of same. In order to be effective, any amendment to this DECLARATION must first be recorded in the public records of the county in which the SUBJECT PROPERTY is located, and in the case of an amendment made by the OWNERS, such amendment shall contain a certification by the President and Secretary of the ASSOCIATION that the amendment was duly adopted.

9.2. No amendment shall discriminate against any OWNER or class or group of OWNERS, unless the OWNERS so affected join in the execution of the amendment. No amendment shall change the number of votes of any OWNER or increase any OWNER's proportionate share of the COMMON EXPENSES, unless the OWNERS affected by such amendment join in the execution of the amendment. No amendment may prejudice or impair the priorities of INSTITUTIONAL LENDERS granted hereunder unless all INSTITUTIONAL LENDERS join in the execution of the amendment. No amendment shall make any changes which would in any way affect any of the rights, privileges, powers or options herein provided in favor of, or reserved to DECLARANT, or BUCKHEAD (so long as BUCKHEAD is an OWNER) unless DECLARANT and BUCKHEAD joins in the execution of the amendment. No amendment shall be contrary to the terms and provisions of the MASTER DECLARATION or adversely affect same unless the MASTER ASSOCIATION joins in the execution of the Amendment. As long as THE LOMAS & NETTLETON FINANCIAL CORPORATION, a Delaware corporation and/or LOMAS MORTGAGE USA, INC., a Connecticut corporation and/or any related or affiliated company or other entity of any of same hold a mortgage or mortgages on any portion of the SUBJECT PROPERTY, this DECLARATION cannot be amended without the consent of THE LOMAS & NETTLETON FINANCIAL CORPORATION, LOMAS MORTGAGE USA, INC. and/or such related or affiliated company or other entity as applicable.

9.3. Notwithstanding anything contained herein to the contrary, any amendment to this DECLARATION which would adversely affect the surface water management system, including the water management portions of the COMMON AREAS, must have the prior approval of the Sunshine Water Control District.

10. SPECIAL PROVISIONS REGARDING INSTITUTIONAL LENDERS.

10.1. Notice of Action. Upon written request to the ASSOCIATION by an INSTITUTIONAL LENDER holding, insuring or guaranteeing a first mortgage encumbering any LOT, identifying the name and address of the holder, insurer or guarantor will be entitled to timely written notice of:

10.1.1. Any condemnation or casualty loss which affects a material portion of the SUBJECT PROPERTY or the LOT;

10.1.2. Any sixty (60)-day default in the payment of ASSESSMENTS or charges owed to the ASSOCIATION or in the performance of any obligation hereunder by the OWNER of the LOT;

10.1.3. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the ASSOCIATION;

10.1.4. Any proposed action which would require the consent of a specified percentage of INSTITUTIONAL LENDERS.

10.2. Consent of INSTITUTIONAL LENDERS. Whenever the consent or approval of any, all or a specified percentage or portion of the holder(s) of any mortgage(s) encumbering any LOTS is required by this DECLARATION, the ARTICLES, the BYLAWS, or any applicable statute or law, to any amendment of the DECLARATION, the ARTICLES, or the BYLAWS, or to any action of the ASSOCIATION, or to any other matter relating to the SUBJECT PROPERTY, the ASSOCIATION may request such consent or approval of such holder(s) by written request sent certified mail, return receipt requested (or equivalent delivery evidencing such request was delivered to and received by such holders). Any holder receiving such request shall be required to consent to or disapprove the matter for which the consent or approval is requested, in writing, by certified mail, return receipt requested (or equivalent delivery evidencing such request was delivered to and received by the ASSOCIATION), which response must be received by the ASSOCIATION within thirty (30) days after the holder receives such request, and if such response is not timely received by the ASSOCIATION, the holder shall be deemed to have consented to and approved the matter for which such approval or consent was requested. Such consent or approval given or deemed to have been given, where required, may be evidenced by an affidavit signed by all of the directors of the ASSOCIATION, which affidavit, where necessary may be recorded in the public records of the county where the SUBJECT PROPERTY is located, and which affidavit shall be conclusive evidence that the applicable consent or approval was given as the matters therein contained. The foregoing shall not apply where an INSTITUTIONAL LENDER is otherwise required to specifically join in an amendment to this DECLARATION.

10.3. Payment of Taxes and Insurance. Any INSTITUTIONAL LENDER may pay any taxes or assessments owed to any governmental authority by the ASSOCIATION which are in default, or any overdue insurance premiums required to be purchased by the ASSOCIATION pursuant to this DECLARATION, or may secure new insurance upon the lapse of a policy, and shall be owed, immediate reimbursement therefore from the ASSOCIATION plus interest at the highest rate permitted by law and any costs of collection, including attorneys' fees.

11. MISCELLANEOUS.

11.1. Conflict With ARTICLES or BYLAWS. In the event of any conflict between the ARTICLES and the BYLAWS and this DECLARATION, this DECLARATION, the ARTICLES, and the BYLAWS, in that order, shall control.

11.2. Authority of ASSOCIATION and Delegation. Nothing contained in this DECLARATION shall be deemed to prohibit the BOARD from delegating to any one of its members, or to any officer, or to any committee or any other person, any power or right granted to the BOARD by this DECLARATION including, but not limited to, the right to exercise architectural control and to approve any deviation from any use restriction, and the BOARD is expressly authorized to so delegate any power or right granted by this DECLARATION.

11.3. Severability. The invalidation in whole or in part of any of these covenants, conditions, reservations and restrictions, or any section, subsection, sentence, clause, phrase, word or other provision of this DECLARATION shall not affect the validity of the remaining portions which shall remain in full force and effect.

11.4. Validity. In the event any court shall hereafter determine that any provisions as originally drafted herein violate the rule against perpetuities, the period specified in this DECLARATION shall not thereby become invalid, but instead shall be reduced to the maximum period allowed under such rules of law.

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11.5. Assignment of DECLARANT's Rights. Any and all of the rights, privileges, or options provided to or reserved by DECLARANT in this DECLARATION, the ARTICLES, or the BYLAWS, may be assigned by DECLARANT, in whole or in part, as to all or any portion of the SUBJECT PROPERTY, to any person or entity pursuant to an assignment recorded in the public records of the county in which the SUBJECT PROPERTY is located. Any partial assignee of any of the rights of DECLARANT shall not be deemed the DECLARANT, and shall have no other rights, privileges or options other than as are specifically assigned. No assignee of DECLARANT shall have any liability for any acts of DECLARANT or any prior DECLARANT unless such assignee is assigned and agrees in writing to assume such liability.

11.6. Performance of ASSOCIATION's Duties by DECLARANT. DECLARANT shall have the right from time to time, at its sole discretion, to perform at DECLARANT's expense the duties and obligations required hereunder to be performed by the ASSOCIATION, and in connection therewith to reduce the budget of the ASSOCIATION and the ASSESSMENTS for COMMON EXPENSES payable by the OWNER, provided however that any such performance on the part of DECLARANT may be discontinued by DECLARANT at any time, and any such performance shall not be deemed to constitute a continuing obligation on the part of DECLARANT.

11.7. Inapplicability of Condominium Act. It is acknowledged that the ASSOCIATION is not intended to be a condominium association, and is not intended to and shall not be governed by the provisions of Florida Statutes, Chapter 718.

11.8. Lawsuits Brought by the ASSOCIATION. The ASSOCIATION shall not commence any legal proceedings on its behalf or on behalf of the OWNERS, and shall not spend any money or make an assessment for any money to pay for attorneys' fees or any other fees, costs, or expenses of any kind or nature whatsoever to investigate, prepare for, or research any legal proceedings, without the consent of at least seventy-five (75%) of all of the OWNER obtained at a duly called special meeting of the OWNER for the purpose of approving such action, and without the consent of INSTITUTIONAL LENDERS holding a majority of the mortgages that encumber the LOTS, except for legal proceedings against an OWNER, other than DECLARANT, or BUCKHEAD, INC. to enforce the OWNER's obligations, monetary or otherwise, under this DECLARATION, the ARTICLES, the BYLAWS or the Rules and Regulations.

11.9. Modification of Development Plan. DECLARANT reserves the right at any time and from time to time to modify the development plan for all or any portion of the SUBJECT PROPERTY, and in connection therewith to develop UNITS upon the SUBJECT PROPERTY which are substantially different from the UNITS planned for the SUBJECT PROPERTY from time to time, and in the event DECLARANT changes the type, size, or nature of the UNITS or other improvements to be constructed upon the SUBJECT PROPERTY, DECLARANT shall have no liability therefor to any OWNER. In addition, DECLARANT makes no representations or warranties as to the manner in which any other property outside of the SUBJECT PROPERTY will be developed, and shall have no liability to any OWNER as regards the development of any other property in or around the SUBJECT PROPERTY.

11.10. Utility Deposits. It is acknowledged that various utility deposits may be required for utility services for the COMMON AREAS which will be supplied as a COMMON EXPENSE, and in the event DECLARANT pays for such deposits, DECLARANT shall be entitled to reimbursement from the ASSOCIATION when funds are available for such reimbursement, and until DECLARANT is reimbursed for any deposits paid by it, DECLARANT shall be entitled to any refunds of any utility deposits from the appropriate authority holding same, and if any deposit is refunded to the ASSOCIATION, same shall be promptly paid to DECLARANT by the ASSOCIATION upon receipt.

11.11. ROYAL LAND. ROYAL LAND EAST is part of ROYAL LAND which includes the SUBJECT PROPERTY and the ADJACENT PROPERTY. ROYAL LAND EAST is subject to all of the terms, conditions, provision and limitations of the MASTER DECLARATION for ROYAL LAND and all of said terms, conditions, provisions and limitations are incorporated herein by reference. If there are any inconsistencies between the terms, conditions, provisions and limitations of the MASTER DECLARATION, the terms, conditions, provisions and limitations of the MASTER DECLARATION shall prevail. The MASTER DECLARATION provides, among

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other things, for assessments against the ASSOCIATION and OWNERS of LOTS within ROYAL LAND EAST. Those assessments are considered to be a COMMON EXPENSE of the ASSOCIATION. Additionally, OWNERS shall not be members of the MASTER ASSOCIATION. The sole member of the MASTER ASSOCIATION for the SUBJECT PROPERTY shall be the ASSOCIATION who shall appoint a REPRESENTATIVE to represent it at MASTER ASSOCIATION meetings in the manner prescribed in the MASTER DECLARATION.

IN WITNESS WHEREOF, DECLARANT has executed this DECLARATION this 23 day of November, 1988.

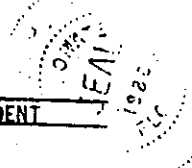
WITNESSES:

[Handwritten signatures]

AMBASSADOR HOMES, INC.,
a Florida corporation

By:

[Handwritten signature]
STEPHEN BEYER its PRESIDENT



STATE OF FLORIDA }

COUNTY OF BROWARD }

The foregoing instrument was acknowledged and sworn to before me this 23 day of November, 1988, by STEPHEN BEYER, PRESIDENT of AMBASSADOR HOMES, INC., a Florida corporation, on behalf of the corporation.

[Handwritten signature: Stella C. Hutchins]
NOTARY PUBLIC, STATE OF FLORIDA AT LARGE

(Notary Seal)



My commission expires:

NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP SEPT 18, 1989
BONDED THRU GENERAL INS. UMO.

BK 11 987 PCH 139

This Instrument Prepared By:

DANA C. FERPELL, ESQ.
Goldberg & Young, P.A.
1630 North Federal Highway
Fort Lauderdale, Florida 33305
(305) 564-8000

DCF-ROYAL LAND EAST 1,2:pc/111088.4

JOINDER AND CONSENT OF MORTGAGEE

WHEREAS, LOMAS MORTGAGE USA, INC., a Connecticut corporation, and LOMAS FINANCIAL CORPORATION, a Delaware corporation formerly known as LOMAS & NETTLETON FINANCIAL CORPORATION, a Delaware corporation (hereinafter collectively "LOMAS"), are the owners of the following:

1. Mortgage (with Security Agreement and Assignment of Rents and Leases) dated September 20, 1988 by and between BUCKHEAD, INC., a Florida corporation, as Mortgagor and LOMAS as Mortgagee and Secured Party and recorded September 21, 1988 in Official Records Book 15801, Page 475, of the Public Records of Broward County, Florida, which Mortgage secures a Note in the original principal amount of SIXTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$16,500,000.00); and

2. UCC-1 Financing Statement wherein Mortgagor is named as Debtor and LOMAS is named as Secured Party, recorded in Official Records Book 15801, Page 500, of the Public Records of Broward County, Florida and at the Office of the Florida Secretary of State, at File No. 1880163148; and


3. UCC-1 Financing Statement wherein Mortgagor is named as Debtor and LOMAS is named as Secured Party, recorded with the State of Maryland at File No. 82738151 (hereinafter the above collectively being referred to as the "MORTGAGE"), which MORTGAGE encumbers the property more particularly described in Exhibit "A" of the DECLARATION OF COVENANTS AND RESTRICTIONS OF ROYAL LAND EAST (the "DECLARATION"); and


WHEREAS, LOMAS has been requested by BUCKHEAD, INC., a Florida corporation and AMBASSADOR HOMES, INC., a Florida corporation, the present owners of the property described in Exhibit "A" of the DECLARATION to join in and consent to the easements, restrictions, covenants and other provisions more particularly described in the DECLARATION which encumber said property.

NOW, THEREFORE, for and in consideration of the sum of TEN DOLLARS (\$10.00), and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, LOMAS hereby joins in and consents to the execution, delivery and recording of the DECLARATION, and hereby agrees that the lien and encumbrance of the MORTGAGE is hereby made subordinate and subject to the easements, restrictions, covenants and other provisions more particularly set forth in the DECLARATION. This Joinder and Consent does not release any property from the lien and effect of the MORTGAGE and does not waive any provisions or requirements of the MORTGAGE.

IN WITNESS WHEREOF, LOMAS MORTGAGE USA, INC., a Connecticut corporation and LOMAS FINANCIAL CORPORATION, a Delaware corporation formerly known as LOMAS & NETTLETON FINANCIAL CORPORATION, a Delaware corporation have executed this instrument this 11 day of November, 1988.


WITNESSES:



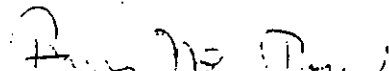


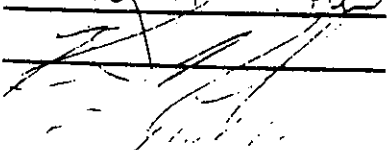
LOMAS MORTGAGE USA, INC.,
a Connecticut corporation

By:



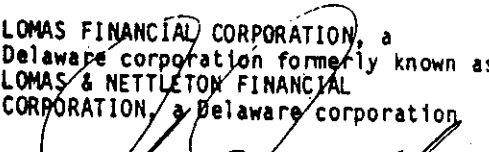
John J. Summerville
as Authorized Officer





LOMAS FINANCIAL CORPORATION, a
Delaware corporation formerly known as
LOMAS & NETTLETON FINANCIAL
CORPORATION, a Delaware corporation

By:



John J. Summerville
as Authorized Officer

(NOTARIES CONTAINED FOLLOWING PAGE)

BK 15987 Pg 140

STATE OF TEXAS }
COUNTY OF DALLAS }

The foregoing instrument was acknowledged and sworn to before me this day of November, 1988, by Barbara J. Clark Authorized Officer of LOMAS MORTGAGE USA, INC., a Connecticut corporation, on behalf of the corporation.



Barbara J. Clark
NOTARY PUBLIC, STATE OF TEXAS

My commission expires: 5-21-90

(Notary Seal)

STATE OF TEXAS }
COUNTY OF DALLAS }

The foregoing instrument was acknowledged and sworn to before me this day of November, 1988, by Barbara J. Clark Authorized Officer of LOMAS FINANCIAL CORPORATION, a Delaware corporation formerly known as LOMAS & NETTLETON FINANCIAL CORPORATION, a Delaware corporation, on behalf of the corporation.



Barbara J. Clark
NOTARY PUBLIC, STATE OF TEXAS

My commission expires: 5-21-90

(Notary Seal)

BK 1-987 Pg 1141

JOINDER AND CONSENT OF MORTGAGEE

WHEREAS, LOMAS MORTGAGE USA, INC., a Connecticut corporation and LOMAS FINANCIAL CORPORATION, a Delaware corporation formerly known as LOMAS & NETTLETON FINANCIAL CORPORATION, a Delaware corporation (hereinafter collectively "LOMAS"), are the owners of the following:

1. Mortgage (with Security Agreement and Assignment of Rents and Leases) dated November 23, 1988, by and between AMBASSADOR HOMES, INC., a Florida corporation as Mortgagor, and LOMAS as Mortgagee and Secured Party, and recorded November 28, 1988 at Clerk's File No. 88475782 of the Public Records of Broward County, Florida, which Mortgage secures a Note in the original principal amount of Five Million Seven Hundred Fifty Thousand & NO DOLLARS (\$5,750,000.00); and

2. UCC-1 Financing Statement wherein Mortgagor is named as Debtor and LOMAS is named as Secured Party, recorded at Clerk's File No. 88475785 of the Public Records of Broward County, Florida and at the Office of the Florida Secretary of State (hereinafter the above collectively being referred to as the "MORTGAGE"), which MORTGAGE encumbers a portion of the property more particularly described in Exhibit "A" of the DECLARATION OF COVENANTS AND RESTRICTIONS OF ROYAL LAND EAST (the "DECLARATION"); and

WHEREAS, LOMAS has been requested by BUCKHEAD, INC., a Florida corporation and AMBASSADOR HOMES, INC., a Florida corporation, the present owners of the property described in Exhibit "A" of the DECLARATION to join in and consent to the easements, restrictions, covenants and other provisions more particularly described in the DECLARATION which encumber said property.

NOW, THEREFORE, for and in consideration of the sum of TEN DOLLARS (\$10.00), and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, LOMAS hereby joins in and consents to the execution, delivery and recording of the DECLARATION, and hereby agrees that the lien and encumbrance of the MORTGAGE is hereby made subordinate and subject to the easements, restrictions, covenants and other provisions more particularly set forth in the DECLARATION. This Joinder and Consent does not release any property from the lien and effect of the MORTGAGE and does not waive any provisions or requirements of the MORTGAGE.

IN WITNESS WHEREOF, LOMAS MORTGAGE USA, INC., a Connecticut corporation and LOMAS FINANCIAL CORPORATION, a Delaware corporation formerly known as LOMAS & NETTLETON FINANCIAL CORPORATION, a Delaware corporation have executed this instrument this 11 day of November, 1988.

WITNESSES:

[Signature]
[Signature]

LOMAS MORTGAGE USA, INC.,
a Connecticut corporation

By:

[Signature]
[Signature]
as Authorized Officer

LOMAS FINANCIAL CORPORATION, a
Delaware corporation formerly known as
LOMAS & NETTLETON FINANCIAL
CORPORATION, a Delaware corporation

By:

[Signature]
[Signature]
as Authorized Officer

STATE OF TEXAS

COUNTY OF DALLAS

11 ^x The foregoing instrument was acknowledged and sworn to before me this 11 day of November, 1988, by [Signature], Authorized Officer

BK 15987Pg. 142

of LOMAS MORTGAGE USA, INC., a Connecticut corporation, on behalf of the corporation.

B. Bruce G. Clark
NOTARY PUBLIC, STATE OF TEXAS

My commission expires: *5-21-96*

(Notary Seal)

STATE OF TEXAS
COUNTY OF DALLAS }

IN The foregoing instrument was acknowledged and sworn to before me this day of *September*, 1988, by *William J. Nettleton*, Authorized Officer of LOMAS FINANCIAL CORPORATION, a Delaware corporation formerly known as LOMAS & NETTLETON FINANCIAL CORPORATION, a Delaware corporation, on behalf of the corporation.

B. Bruce G. Clark
NOTARY PUBLIC, STATE OF TEXAS

My commission expires: *5-21-96*

(Notary Seal)



BK15987PG1143

JOINDER OF BUCKHEAD, INC.

WHEREAS, BUCKHEAD, INC., a Florida corporation (hereinafter BUCKHEAD, INC., and its successors and assigns shall collectively be referred to as "BUCKHEAD"), is the owner of the following portions of the SUBJECT PROPERTY (as that term is defined in this Declaration of Covenants and Restrictions of Royal Land East, herein the "DECLARATION");

Lots 60 through 85, inclusive, of Block 8, Lots 63 through 97, inclusive, of Block 9, Lots 1 through 11, inclusive, of Block 10, Lots 1 through 4, inclusive, of Block 11, and Lots 1 through 24, inclusive, of Block 12, of ROYAL LAND AMENDED, according to the Plat thereof, recorded in Plat Book 132, Page 20, of the Public Records of Broward County, Florida; and

WHEREAS, BUCKHEAD has been requested by AMBASSADOR HOMES, INC., a Florida corporation (hereinafter AMBASSADOR HOMES, INC. and its permitted successors and assigns shall collectively be referred to as AMBASSADOR), the present owner of the remaining portions of the SUBJECT PROPERTY, to consent to the dedication of the easements, restrictions and covenants more particularly described in the DECLARATION which encumber all of the SUBJECT PROPERTY.

NOW, THEREFORE, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, BUCKHEAD hereby consents to the execution, delivery and recording of the DECLARATION subject to the following terms, provisions and conditions and AMBASSADOR hereby agrees to the following terms, provisions and conditions:

1. AMBASSADOR acknowledges and agrees that BUCKHEAD is not and shall not (except under the conditions more particularly set forth in Paragraph 2 hereof) be considered or deemed a DECLARANT (as that term is defined in the DECLARATION) of the SUBJECT PROPERTY or any portion thereof and AMBASSADOR shall and does hereby agree to save and hold BUCKHEAD harmless from and against any and all obligations, liabilities, claims, actions, accounts, demands, liens or encumbrances, whether direct, contingent or consequential and no matter how arising in anyway relating to same.

2. If AMBASSADOR has not on or before October 31, 1989 purchased all of those portions of the SUBJECT PROPERTY owned by BUCKHEAD as hereinabove set forth, BUCKHEAD may, at its sole option and discretion, declare itself to be and thereby become the sole DECLARANT of all of the SUBJECT PROPERTY. BUCKHEAD shall become DECLARANT upon recording a Declaration of such

BK 15987 Pg 11 44

intent upon the Public Records of Broward County, Florida. It shall not be necessary for BUCKHEAD to secure the consent or joinder of AMBASSADOR or any lender or other lien holder having any interest in the SUBJECT PROPERTY or any portion thereof to such Declaration and such Declaration shall automatically become effective upon the recording of same upon the Public Records of Broward County, Florida. Notwithstanding the preceding sentence, within five (5) days of request, AMBASSASOR warrants and represents that AMBASSADOR and any other lender or lien holder having any interest in the SUBJECT PROPERTY not owned by BUCKHEAD shall join in and consent to any such Declaration by BUCKHEAD. Upon the recording of such Declaration, AMBASSADOR shall cease to be the DECLARANT and BUCKHEAD shall be the sole DECLARANT of the SUBJECT PROPERTY.

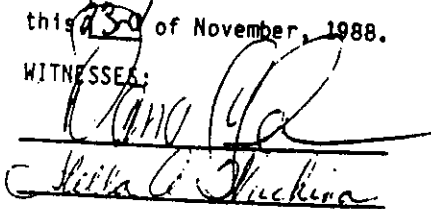
3. BUCKHEAD shall not be liable for any actions, inactions, defaults of or obligations incurred by AMBASSADOR as prior DECLARANT, or otherwise, and AMBASSADOR shall and does hereby agree to save and hold BUCKHEAD harmless from and against any and all obligations, liabilities, claims, actions, accounts, demands, liens or encumbrances whether direct, contingent or consequential and no matter how arising in any way relating to same.

4. Notwithstanding anything to the contrary in the DECLARATION, ARTICLES (as that term is defined in the DECLARATION) and/or BYLAWS (as that term is defined in the DECLARATION), AMBASSADOR without first securing the written consent of BUCKHEAD which consent may be withheld in BUCKHEAD's sole discretion, shall not during the period of time within which BUCKHEAD is entitled to declare itself DECLARANT in accordance with Paragraph 2 hereof, (i) turn over control of the ASSOCIATION (as that term is defined in the DECLARATION) to the OWNERS of LOTS within the SUBJECT PROPERTY, (ii) dissolve the ASSOCIATION, (iii) terminate the DECLARATION or (iv) convey, assign, pledge or hypothicate any or all of its rights, duties or obligations as DECLARANT or any or all of its rights, duties or obligations arising hereunder to any PERSON (as that term is defined in the DECLARATION).

IN WITNESS WHEREOF, AMBASSADOR and BUCKHEAD have executed this instrument

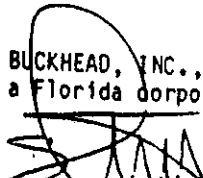
this 13th of November, 1988.

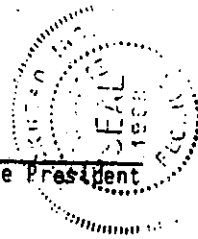
WITNESSES:



BUCKHEAD, INC.,
a Florida corporation

By:


STEPHAN L. PORTEN, its Vice President



BK 15987PG1145

WITNESSES (con't)

Stella A. Kuchina
Stella A. Kuchina

AMBASSADOR HOMES, INC.
a Florida corporation

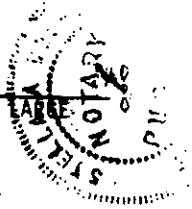
By:

Stephen Beyer
STEPHEN BEYER, PRESIDENT

STATE OF FLORIDA)
COUNTY OF BROWARD)

The foregoing instrument was acknowledged and sworn to before me this 23rd day of November, 1988, by STEPHAN L. PORTEN, Vice President of BUCKHEAD, INC., a Florida corporation, on behalf of the corporation.

Stella A. Kuchina
NOTARY PUBLIC, STATE OF FLORIDA AT LARGE



My commission expires:

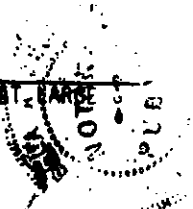
(Notary Seal)

NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP SEPT 18, 1989
BONDED THRU GENERAL INS. UND.

STATE OF FLORIDA)
COUNTY OF BROWARD)

The foregoing instrument was acknowledged and sworn to before me this 23rd day of November, 1988, by STEPHEN BEYER, PRESIDENT of AMBASSADOR HOMES, INC., a Florida corporation, on behalf of the corporation.

Stella A. Kuchina
NOTARY PUBLIC, STATE OF FLORIDA AT LARGE



My commission expires:

(Notary Seal)

NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP SEPT 18, 1989
BONDED THRU GENERAL INS. UND.

BK 15987PG1146

EXHIBIT "A"

Lots 1 through 85, inclusive, of Block 8;
Lots 1 through 97, inclusive, of Block 9;
Lots 1 through 11, inclusive, of Block 10;
Lots 1 through 4, inclusive, of Block 11;
Lots 1 through 24, inclusive, of Block 12;
together with Tracts D, E, F, G, H, H-1,
J, L-4, L-5, L-6 and L-7, all of the Plat
of ROYAL LAND AMENDED as recorded in
Plat Book 132, Page 20, of the Public Records
of Broward County, Florida.

BK 15987PC1147

EXHIBIT "A"

ATTACHED TO AND INCORPORATED BY REFERENCE
IN THAT LAWS ACQUISITION LOAN AGREEMENT
BETWEEN LOMAS MORTGAGE USA, INC., AS LENDER,
AND AMBASSADOR HOMES, INC., AS BORROWER
DATED NOVEMBER 15, 1988

Lots 1 though 59, Block 8, Lots 1 through 62, Block 9,
all of the Plat of ROYAL LAND AMENDED, recorded in Plat
Book 132, Page 20, of the Public Records of Broward
County, Florida.

STATE OF FLORIDA DOCUMENTARY
STAMPS IN PROPER AMOUNT HAVE
BEEN AFFIXED TO THE MORTGAGE
SECURING THIS NOTE

Lomas Loan No. 4335
File No. 53852/82325

PROMISSORY NOTE

\$5,750,000.00

November 15, 1988

FOR VALUE RECEIVED, the undersigned, jointly and severally if more than one, promises to pay to the order of LOMAS MORTGAGE USA, INC., a Connecticut corporation, at its principal offices in Dallas, Texas, the principal sum of FIVE MILLION SEVEN HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$5,750,000.00), or so much thereof as may be advanced, with interest on the principal balance from time to time remaining unpaid prior to default or maturity at the rate hereinafter provided, interest only being payable on the first day of each month commencing December 1, 1988, and continuing until and including November 23, 1990, unless this Note matures earlier pursuant to the provisions of Section VII.Q of the Land Acquisition Loan Agreement dated of even date herewith between the undersigned and the payee named herein governing the loan evidenced hereby (the "Loan Agreement"), and upon maturity of this Note the unpaid principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable.

Interest on the principal balance hereof from time to time remaining unpaid prior to default or maturity shall be payable at the Prime Interest Rate (as hereinafter defined) plus one and one-half percent (1-1/2%) per annum (the "Applicable Rate"), the Applicable Rate to be adjusted as of the effective date of any change in the Prime Interest Rate; provided, further, that the interest payable at each interest payment date shall not exceed the maximum amount that may be lawfully charged. Interest payable at each payment date shall be calculated by first determining the amount of interest on the unpaid principal balance hereof from time to time outstanding at the Applicable Rate in effect from time to time from the date hereof through the end of the month next preceding such payment date (or, if the Note has matured, to maturity), then deducting any interest previously paid hereon to determine the amount of interest then payable; provided, however, that the total interest accrued through the end of such month and at maturity shall not exceed the maximum amount of interest the holder hereof may lawfully charge hereon from the date hereof to such payment date. "Prime Interest Rate" shall mean the prime interest rate charged by NCNB Texas National Bank, a national banking association, its successors or assigns, as announced or published by such Bank from time to time and may not be the lowest interest rate charged by such Bank. Interest on this Note shall be calculated at a daily rate equal to 1/360 of the annual percentage rate stated above, subject to the provisions hereof specifying the maximum amount of interest which may be charged or collected hereunder.

If any payment of principal or interest due hereunder is not made within ten (10) days of when due, subject to the provisions hereof limiting interest to the maximum amount allowed by applicable law, a late charge of five percent (5%) of the past-due amount may be charged by the holder hereof for the purpose of defraying the expenses incident to handling such delinquent payments, and the undersigned and the holder hereof agree that (a) such late charge represents (i) a reasonable sum considering all of the circumstances existing on the date of this Note, and (ii) a fair and reasonable estimate of the costs that will be

1/23/89

EXHIBIT A

sustained by the holder hereof due to the failure of the undersigned to make timely payments; and (b) proof of actual damages would be costly or inconvenient. Any late charge shall be paid without prejudice to the rights of the holder hereof to collect any other amounts provided to be paid or to declare a default under this Note or under any other of the Loan Instruments (as hereinafter defined) or from exercising any of the other rights and remedies of the holder hereof.

At the option of the holder of this Note, the entire principal balance and accrued interest owing hereon shall at once become due and payable without notice or demand upon the occurrence at any time of any of the following events ("events of default"):

1. Any installment of principal, interest or any other amount due hereunder or under any document evidencing, governing, securing, guaranteeing, or pertaining to the loan evidenced hereby (individually and collectively, the "Loan Instruments") is not paid within five (5) days from the date the undersigned receives a statement for the amount of interest owing hereunder, except for the final payment of principal and interest on this Note at maturity, as to which no grace period is concurrent with and not in addition to any grace period which may be granted under any other of the Loan Instruments. For purposes herein, the undersigned shall be deemed to have received the statement described in this Section 1 three (3) days following the holder's hereof deposit of such statement in the U.S. mails or with an overnight courier service.
2. Subject to Section I.D(2) of the Loan Agreement, default in the performance of any of the covenants or provisions of any of the Loan Instruments.
3. The liquidation, termination, dissolution or (if any of the undersigned is a natural person) the death or legal incapacity of any of the undersigned or any guarantor hereof.
4. The bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any of the property of any party liable for the payment of this Note, whether as maker, endorser, guarantor, surety or otherwise.
5. Default in the payment of any other indebtedness due the holder hereof or Lomas Financial Corporation or default in the performance of any other obligation to the holder hereof or Lomas Financial Corporation by the undersigned or any other party liable for the payment hereof, whether as endorser, guarantor, surety or otherwise.

The failure to exercise the option to accelerate the maturity of this Note upon the happening of any one or more of the events of default hereunder shall not constitute a waiver of the right of the holder of this Note to exercise the same or any other option at that time or at any subsequent time with respect to such uncured default or any other event of uncured default hereunder or under any other of the Loan Instruments. The remedies of the holder hereof, as provided in this Note and in any other of the Loan Instruments, shall be cumulative and concurrent and may be pursued separately, successively or together, as often as occasion therefor shall arise, at the sole discretion of the holder hereof. The acceptance by the holder hereof of any payment under this Note which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of or impair, reduce, release or extinguish any of the rights or remedies of the holder hereof to exercise the foregoing option or any other option granted to the holder in this Note or in any other of the

Loan Instruments, at that time or at any subsequent time, or nullify any prior exercise of any such option.

After default or maturity, principal and past-due interest shall bear interest at the highest rate permitted by applicable law or, if no such maximum rate is established by applicable law, then at the Applicable Rate plus five per cent (5%) per annum. During the existence of any default, the holder hereof may apply any payments received hereunder or under any other of the Loan Instruments in such amount, order and manner as such holder may elect.

The undersigned and all other parties now or hereafter liable for the payment hereof, whether as endorser, guarantor, surety or otherwise, severally waive demand, presentment, notice of dishonor, notice of intention to accelerate the indebtedness evidenced hereby, notice of the acceleration of the maturity hereof, diligence in collecting, grace, notice and protest, and consent to all extensions which from time to time may be granted by the holder hereof and to all partial payments hereon, whether before or after maturity.

If this Note is not paid when due, whether at maturity or by acceleration, or if it is collected through a bankruptcy, probate or other court, whether before or after maturity, the undersigned agrees to pay all costs of collection, including, but not limited to, reasonable attorneys' fees and expenses incurred by the holder hereof.

This Note is executed pursuant to the Loan Agreement, which Loan Agreement contains provisions for acceleration of the maturity hereof upon the happening of certain events, and all advances made hereunder shall be made pursuant to such Loan Agreement. This Note is secured by a Mortgage (With Security Agreement and Assignment of Rents and Leases) covering certain property situated in Broward Florida. The proceeds of this Note are to be used for business, commercial, investment or other similar purposes and no portion thereof will be used for personal, family or household use.

All agreements between the undersigned and the holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to the holder hereof exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to the holder hereof in excess of the maximum lawful amount, the interest payable to the holder hereof shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance the holder hereof shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the undersigned. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between the undersigned and the holder hereof.

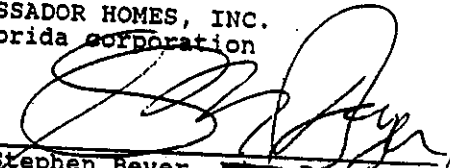
The undersigned acknowledges and agrees that the holder of this Note may, from time to time, sell or offer to sell interests in the loan evidenced by this Note to one or more participants. The undersigned authorizes the holder of this Note to disseminate any information it has pertaining to the loan evidenced by this Note, including, without limitation, complete and current credit

information on the undersigned, any of its principals and any guarantor of this Note, to any such participant or prospective participant.

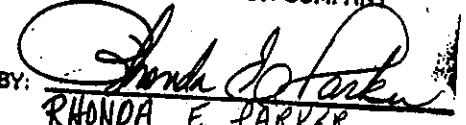
EXCEPT WHERE FEDERAL LAW IS APPLICABLE (INCLUDING, WITHOUT LIMITATION, ANY FEDERAL USURY CEILING OR OTHER FEDERAL LAW WHICH, FROM TIME TO TIME, IS APPLICABLE TO THE INDEBTEDNESS EVIDENCED HEREIN AND WHICH PREEMPTS STATE USURY LAWS), THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN SUCH STATE.

THIS NOTE IS GIVEN IN LIEU AND REPLACEMENT OF AND SUBSTITUTION FOR THAT CERTAIN PROMISSORY NOTE PREVIOUSLY EXECUTED BY THE UNDERSIGNED TO THE PAYEE NAMED HEREIN, ALSO IN THE PRINCIPAL SUM OF \$5,750,000.00 AND DATED NOVEMBER 15, 1988, WHICH HAS BEEN LOST OR MISPLACED.

AMBASSADOR HOMES, INC.
a Florida corporation

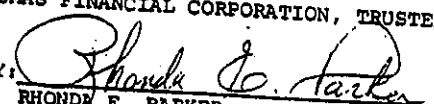
By:  Pres.
Stephen Beyer, President

PAY TO THE ORDER OF
LOMAS FINANCIAL CORPORATION, TRUSTEE
WITHOUT RECOURSE
LOMAS MORTGAGE USA, INC. 1/k/a
THE LOMAS & NETTLETON COMPANY

By: 
RHONDA E. PARKER
Authorized Officer

PAY TO THE ORDER OF
LOMAS MORTGAGE USA, INC.
WITHOUT RECOURSE

LOMAS FINANCIAL CORPORATION, TRUSTEE

By: 
RHONDA E. PARKER,
AUTHORIZED OFFICER

185/17/89/259
WILL CALL

DECLARATION OF BUCKHEAD, INC.

90034359

WHEREAS, BUCKHEAD, INC., a Florida corporation (hereinafer "BUCKHEAD"), is the owner of the following portions of the SUBJECT PROPERTY (as that term is defined in that certain Declaration of Covenants and Restrictions of Royal Land East, recorded November 29, 1988 in Official Records Book 15987, Page 115, of the Public Records of Broward County, Florida, hereinafer the "DECLARATION"):

Lots 60 through 85, inclusive, of Block 8, Lots 63 through 97, inclusive, of Block 9, Lots 1 through 11, inclusive, of Block 10, Lots 1 through 4, inclusive, of Block 11, and Lots 1 through 24, inclusive, of Block 12, of ROYAL LAND AMENDED, according to the Plat thereof, recorded in Plat Book 132, Page 20, of the Public Records of Broward County, Florida; and

WHEREAS, pursuant to that certain Joinder of BUCKHEAD, INC. to the DECLARATION, which Joinder is recorded in Official Records Book 15987, at Page 144, of the Public Records of Broward County, Florida, (the "Joinder"), BUCKHEAD, at its sole option and discretion, has the right to declare itself to be the sole DECLARANT of all of the SUBJECT PROPERTY; and

WHEREAS, BUCKHEAD desires to exercise its right to declare itself the sole DECLARANT of all of the SUBJECT PROPERTY.

NOW, THEREFORE, BUCKHEAD hereby makes the following declaration:

1. Pursuant to Paragraph 2 of the Joinder, BUCKHEAD hereby declares itself to be the sole DECLARANT of all of the SUBJECT PROPERTY encumbered by the DECLARATION. This DECLARATION shall become immediately effective upon recording in the Public Records of Broward County, Florida.
2. BUCKHEAD shall not be liable for any actions, inactions, defaults of or obligations incurred by Ambassador Homes, Inc., as prior Declarant under the DECLARATION.

IN WITNESS WHEREOF, BUCKHEAD has executed this DECLARATION this 25th day of January, 1990.

WITNESSES:

[Handwritten signature]

[Handwritten signature]

BUCKHEAD, INC., a Florida corporation

[Handwritten signature]

SCOTT PORTEN, Vice President

STATE OF FLORIDA
COUNTY OF BROWARD

ss:

RECORDED IN THE OFFICIAL RECORDS BOOK
OF BROWARD COUNTY, FLORIDA
L. A. HESTER
COUNTY ADMINISTRATOR

The foregoing instrument was acknowledged and sworn to before me this 25th day of January, 1990; by SCOTT PORTEN, Vice President of BUCKHEAD, INC., a Florida corporation, on behalf of said corporation.

My commission expires:

[Notary Seal]
"OFFICIAL NOTARY SEAL"
MICHAEL SHAPIRO
MY COM. EXP. 11/6/92

[Handwritten signature]

NOTARY PUBLIC, STATE OF FLORIDA
AT LARGE.

OK 7113PG0567

State of Florida



Department of State

I certify that the attached is a true and correct copy of the Articles of Incorporation of ROYAL LAND EAST HOMEOWNERS' ASSOCIATION, INC., a corporation organized under the Laws of the State of Florida, filed on November 8, 1988, as shown by the records of this office.

The document number of this corporation is N29184.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
8th day of November, 1988.



CR2E022 (8-87)

Jim Smith
Secretary of State

EXHIBIT "B"

BK 15987 PG 148

WILLIAM E. BLYER
Attorney at Law
2900 NCNB Center Road
Suite 204, Tamarac, Florida 33365

88475782

8625.00
[Stamp]

Lomas Loan No. 4335
File No. 53852/82325.docx

THIS DOCUMENT PREPARED BY:

Larry V. Smith, Esq.
LOCKE PURNELL RAIN HARRELL
(A Professional Corporation)
2900 NCNB Center
2900 Tower II
Dallas, Texas 75201-3989

11,500.00
[Stamp]

MORTGAGE
(WITH SECURITY AGREEMENT AND ASSIGNMENT OF RENTS AND LEASES)

By this agreement dated November 15, 1988, the undersigned, AMBASSADOR HOMES, INC., a Florida corporation ("Mortgagor"), whose address is 8201 N. University Drive, Tamarac, Florida 33321, to secure the indebtedness and obligations hereinafter described, does hereby GRANT, BARGAIN, SELL, ASSIGN, and CONVEY, unto LOMAS MORTGAGE USA, INC., a Connecticut corporation ("Mortgagee") and LOMAS FINANCIAL CORPORATION, a Delaware corporation ("LFC"), the following described land (the "Land"), whether now owned or hereafter acquired, located in Broward County, Florida:

Those certain tracts being more particularly described in EXHIBIT A, attached hereto and made a part hereof for all purposes;

TOGETHER WITH the following, whether now owned or hereafter acquired by Mortgagor: (a) all improvements now or hereafter attached to or placed, erected, constructed or developed on the Land (the "Improvements"); (b) all equipment, fixtures, furnishings, inventory and articles of personal property (the "Personal Property") now or hereafter attached to or used in or about the Improvements or which are necessary or useful for the complete and comfortable use and occupancy of the Improvements for the purposes for which they were or are to be attached, placed, erected, constructed or developed, or which Personal Property is or may be used in or related to the planning, development, financing or operation of the Improvements, and all renewals of or replacements or substitutions for any of the foregoing whether or not the same are or shall be attached to the Land or Improvements; (c) all water and water rights, timber, crops, and mineral interests pertaining to the Land; (d) all building materials and equipment now or hereafter delivered to and intended to be installed in or on the Land or the Improvements; (e) all plans and specifications for the Improvements; (f) all Mortgagor's rights (but not its obligations) under any contracts relating to the Land, the Improvements or the Personal Property; including, but not limited to, (i) any agreements between Mortgagor and Royal Utility Company relating to water and sewer services to the Land; and (ii) all contracts of sale entered into by Mortgagor for the sale of any of the Land, the Improvements or the Personal Property; (g) all deposits (including tenant's security deposits and deposits of purchasers of any portion of the Mortgaged Property, as hereinafter defined), bank accounts, funds, accounts, notes or chattle paper arising from or by virtue of any transactions related to the Land, Improvements or the Personal Property; (h) all Mortgagor's rights (but not its obligations) under any documents, contract rights, accounts, commitments, construction contracts, architectural agreements, general intangibles (including, without limitation, trademarks, trade names and symbols) arising from or

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EXHIBIT B

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By virtue of any transactions related to the Land, the Improvements or the Personal Property; (i) all permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Land, the Improvements and the Personal Property; (j) all proceeds arising from or by virtue of the sale, lease or other disposition of the Land, the Improvements or the Personal Property; (k) all proceeds (including premium refunds) of each policy of insurance relating to the Land, the Improvements or the Personal Property; (l) all proceeds from the taking of any of the Land, the Improvements, the Personal Property or any rights appurtenant thereto by right of eminent domain or by private or other purchase in lieu thereof, including change of grade of streets, curb cuts or other rights of access, for any public or quasi-public use under any law; (m) all right, title and interest of Mortgagor in and to all streets, roads, public places, easements and rights-of-way, existing or proposed, public or private, adjacent to or used in connection with, belonging or pertaining to the Land; (n) all of the leases, rents, royalties, bonuses, issues, profits, revenues or other benefits of the Land, the Improvements or the Personal Property, including without limitation, cash or securities deposited pursuant to leases to secure performance by the lessees of their obligations thereunder; (o) all rights, hereditaments and appurtenances pertaining to the foregoing; and (p) other interests of every kind and character that Mortgagor now has or at any time hereafter acquires in and to the Land, Improvements and Personal Property described herein and all property described herein and all property that is used or useful in connection therewith, including rights of ingress and egress and all reversionary rights or interests of Mortgagor with respect to such property. If the estate of Mortgagor in any of the above-described property is a leasehold estate (the "Leasehold Estate"), this conveyance shall include and the lien created hereby shall encumber all additional title, estate, interest, and other rights which may hereafter be acquired by Mortgagor in the property demised under the lease creating the Leasehold Estate. The above-described property is collectively referred to herein as the "Mortgaged Property."

TO HAVE AND TO HOLD the Mortgaged Property, together with the rights, privileges and appurtenances thereto belonging, unto Mortgagee and its successors and assigns, forever, and Mortgagor hereby binds itself and its heirs, executors, administrators, personal representatives, successors and assigns to warrant and forever defend the Mortgaged Property unto Mortgagee, its successors and assigns, against the claim or claims of all persons claiming or to claim the same or any part thereof.

ARTICLE 1

INDEBTEDNESS

This Mortgage is given to secure the following:

1.1 Note: Payment of the indebtedness evidenced by the Promissory Note (the "Note"), dated of even date herewith, executed by Mortgagor, payable to the order of Mortgagee, whose address is 2001 Bryan Tower, Suite 3700, Dallas, Texas 75201 (whose mailing address is P.O. Box 650096, Dallas, Texas 75265) in the stated principal amount of FIVE MILLION SEVEN HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$5,750,000.00), and bearing interest and being payable as set forth therein, and all modifications, increases, refinancings, renewals and extensions thereof.

1.2 Loan Agreement: Performance of all obligations of Mortgagor under the Land Acquisition Loan Agreement dated of even date herewith (the "Loan Agreement") between Mortgagor and Mortgagee pertaining to the use of the proceeds of the Note, which Loan Agreement is incorporated herein by reference.

1.3 Mortgage: Payment of all sums advanced by Mortgagee to or for the benefit of Mortgagor contemplated hereby and performance of all obligations and covenants herein contained.

1.4 Other Indebtedness: Payment of all other indebtedness, of whatever kind or character, now owing or which may hereafter become owing by Mortgagor to Mortgagee and/or LNF, whether such indebtedness is evidenced by note, open account, overdraft, endorsement, surety agreement, guaranty, or otherwise, made within twenty (20) years from the date hereof, to the same extent as if such future indebtedness were made on the date hereof, although there may be no advance made at the time of the execution hereof and although there may be no indebtedness outstanding at the time any advance is made. Any such indebtedness may be -- the option of Mortgagee. The total unpaid balance of the indebtedness secured at any one time by this Mortgage may decrease or increase from time to time, but the total unpaid balance so secured at any one time shall not exceed twice the sum of the following: (i) stated principal amount of the Note plus interest thereon; and (ii) any disbursements made by Mortgagee for the payment of taxes, levies or insurance on the Mortgaged Property.

1.5 Letters of Credit: Payment and performance by Mortgagor of any of its obligations arising in connection with the issuance of any letters of credit (individually and collectively the "Letter of Credit") by Mortgagee or LFC on Mortgagor's behalf in connection with Mortgagor's ownership of any of the Land and/or any of its obligations arising as a result of such ownership.

The obligations above described are hereinafter collectively called the "Indebtedness." This Mortgage, the Note, the Loan Agreement, any guaranty guaranteeing the payment and performance of any of the Indebtedness, any Letter of Credit and any other instrument given to evidence or further secure the Indebtedness are hereinafter collectively called the "Loan Instruments." All payments on the Indebtedness shall be payable at the address of Mortgagee as set forth above, and unless otherwise provided in any instrument evidencing the Indebtedness, shall bear interest at the rate set forth in the Note, but not in excess of the highest rate permitted by applicable law, from the date of accrual of the Indebtedness until paid.

ARTICLE 2

ASSIGNMENT OF RENTS AND LEASES

2.1 Assignment of Rents, Profits, etc.: All of the rents, royalties, bonuses, issues, profits, revenue, income, and other benefits derived from the Mortgaged Property or arising from the use or enjoyment of any portion thereof or from any lease or agreement pertaining thereto and liquidated damages following default under such leases, and all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by damage to any part of the Mortgaged Property, together with any and all rights that Mortgagor may have against any tenant under such leases or any subtenants or occupants of any part of the Mortgaged Property (hereinafter called the "Rents") are hereby absolutely and unconditionally assigned to Mortgagee to be applied by Mortgagee in payment of the Indebtedness. Notwithstanding any provision of this Mortgage or any other of the Loan Instruments which might be construed to the contrary, the assignment in this Section is an absolute assignment and not merely a security interest; however, Mortgagee's rights as to the assignment shall be exercised only upon the occurrence of an Event of Default (as hereinafter defined). Prior to an Event of Default, Mortgagor shall have a license to collect and receive all Rents as trustee for the benefit of Mortgagee and Mortgagor, and Mortgagor shall apply the funds so collected first to the

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payment of the Indebtedness in such manner as Mortgagee elects and thereafter to the account of Mortgagee.

2.2 Assignment of Leases: Mortgagor hereby assigns to Mortgagee all existing and future leases, including subleases thereof, and any and all extensions, renewals, modifications, and replacements thereof, upon any part of the Mortgaged Property (the "Leases"). Mortgagor hereby further assigns to Mortgagee all guaranties of tenants' performance under the Leases. Prior to an Event of Default, Mortgagor shall have the right, without joinder of Mortgagee, to enforce the Leases, unless Mortgagee directs otherwise.

2.3 Warranties Concerning Leases and Rents: Mortgagor represents and warrants that:

(a) Mortgagor has good title to the Leases and Rents hereby assigned and authority to assign them, and no other person or entity has any right, title or interest therein;

(b) all existing Leases are valid, unmodified and in full force and effect, except as indicated herein, and no default exists thereunder;

(c) unless otherwise provided herein, no Rents have been or will be assigned, mortgaged or pledged;

(d) no Rents have been or will be anticipated, waived, released, discounted, set off or compromised; and

(e) except as indicated in the Leases, Mortgagor has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued Rents.

2.4 Mortgagor's Covenants of Performance: Mortgagor covenants to:

(a) perform all of its obligations under the Leases and give prompt notice to Mortgagee of any failure to do so;

(b) give immediate notice to Mortgagee of any notice Mortgagor receives from any tenant or subtenant under any Leases, specifying any claimed default by any party under such Leases, excluding, however, notice of defaults under residential leases;

(c) enforce the tenant's obligations under the Leases;

(d) defend, at Mortgagor's expense, any proceeding pertaining to the Leases, including, if Mortgagee so requests, any such proceeding to which Mortgagee is a party; and

(e) neither create nor permit any encumbrance upon its interest as lessor of the Leases, except this Mortgage and any other encumbrances permitted by this Mortgage.

2.5 Prior Approval for Actions Affecting Leases: Mortgagor shall not, without the prior written consent of Mortgagee:

(a) receive or collect Rents more than one month in advance;

(b) encumber or assign future Rents;

(c) waive or release any obligation of any tenant under the Leases;

(d) cancel, terminate or modify any of the Leases; cause or permit any cancellation, termination or surrender of any

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of the Leases; or commence any proceedings for dispossession of any tenant under any of the Leases, except upon default by the tenant thereunder;

(e) renew or extend any of the Leases, except pursuant to terms in existing Leases;

(f) permit any assignment of the Leases; and

(g) enter into any Leases after the date hereof.

2.6 Settlement for Termination: Mortgagor agrees that no settlement for damages for termination of any of the Leases under the Federal Bankruptcy Code, or under any other federal, state, or local statute, shall be made without the prior written consent of Mortgagee, and any check in payment of such damages will be made payable to both Mortgagor and Mortgagee. Mortgagor hereby assigns any such payment to Mortgagee to be applied to the Indebtedness as Mortgagee may elect and agrees to endorse any check for such payment to the order of Mortgagee.

2.7 Mortgagee in Possession: Mortgagee's acceptance of this assignment shall not, prior to entry upon and taking possession of the Mortgaged Property by Mortgagee, be deemed to constitute Mortgagee a "mortgagee in possession," nor obligate Mortgagee to appear in or defend any proceeding relating to any of the Leases or to the Mortgaged Property, take any action hereunder, expend any money, incur any expenses, or perform any obligation or liability under the Leases, or assume any obligation for any deposits delivered to Mortgagor by any lessee and not delivered to Mortgagee. Mortgagee shall not be liable for any injury or damage to person or property in or about the Mortgaged Property.

2.8 Appointment of Attorney: Mortgagor hereby appoints Mortgagee its attorney-in-fact, coupled with an interest, empowering Mortgagee to subordinate any Leases to this Mortgage.

2.9 Indemnification: Mortgagor thereby indemnifies and holds Mortgagee harmless from all liability, damage or expense imposed on or incurred by Mortgagee from any claims under the Leases, including, without limitation, any claims by Mortgagor with respect to payments of Rents made directly to Mortgagee after an Event of Default and claims by tenants for security deposits or for rental payments more than one (1) month in advance and not delivered to Mortgagee. All amounts indemnified against hereunder, including reasonable attorneys' fees, if paid by Mortgagee shall bear interest at the maximum lawful rate and shall be payable by Mortgagor immediately without demand and shall be secured hereby.

2.10 Records: Upon request by Mortgagee, Mortgagor shall deliver to Mortgagee executed originals of all Leases and copies of all records relating thereto.

2.11 Merger: There shall be no merger of the leasehold estates, created by the Leases, with the fee estate of the Land without the prior written consent of Mortgagee.

2.12 Right to Rely: Mortgagor hereby authorizes and directs the tenants under the Leases to pay Rents to Mortgagee upon written demand by Mortgagee without further consent of Mortgagor, and the tenants may rely upon any written statement delivered by Mortgagee to the tenants. Any such payment to Mortgagee shall constitute payment to Mortgagor under the Leases.

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ARTICLE 3

SECURITY AGREEMENT

3.1 Security Interest: This Mortgage shall be a security agreement between Mortgagor, as the debtor, and Mortgagee, as the secured party, covering the Mortgaged Property constituting personal property or fixtures governed by the Florida Uniform Commercial Code (hereinafter called the "Code"), and Mortgagor grants to Mortgagee a security interest in such portion of the Mortgaged Property. In addition to Mortgagee's other rights hereunder, Mortgagee shall have all rights of a secured party under the Code. Mortgagor shall execute and deliver to Mortgagee all financing statements that may be required by Mortgagee to establish and maintain the validity and priority of Mortgagee's security interest and Mortgagor shall bear all costs thereof, including all Uniform Commercial Code searches reasonably required by Mortgagee. If Mortgagee should dispose of any of the Mortgaged Property pursuant to the Code, ten (10) days' written notice by Mortgagee to Mortgagor shall be deemed to be reasonable notice; provided, however, Mortgagee may dispose of such property in accordance with the foreclosure procedures of this Mortgage in lieu of proceeding under the Code.

3.2 Notice of Changes: Mortgagor shall give advance notice in writing to Mortgagee of any proposed change in Mortgagor's name, identity, or structure and will execute and deliver to Mortgagee, prior to or concurrently with the occurrence of any such change, all additional financing statements that Mortgagee may require to establish and maintain the validity and priority of Mortgagee's security interest with respect to any of the Mortgaged Property described or referred to herein.

3.3 Fixtures: Some of the items of the Mortgaged Property described herein are goods that are or are to become fixtures related to the Land, and it is intended that, as to those goods, this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Mortgaged Property is situated. Information concerning the security interest created by this instrument may be obtained from Mortgagee, as secured party, at the address of Mortgagee stated above. The mailing address of the Mortgagor, as debtor, is as stated above.

ARTICLE 4

REPRESENTATIONS, WARRANTIES, COVENANTS
AND AGREEMENTS OF MORTGAGOR

Mortgagor does hereby covenant, warrant and represent to and agree with Mortgagee as follows:

4.1 Payment and Performance: Mortgagor shall make all payments on the Indebtedness when due and shall punctually and properly perform all of Mortgagor's covenants, obligations and liabilities under the Loan Instruments.

4.2 Title to Mortgaged Property and Lien of this Mortgage: Mortgagor has good, indefeasible and marketable title to the Land, the Improvements and Personal Property, free and clear of any liens, charges, encumbrances, security interests, and adverse claims whatsoever, except as otherwise provided herein. If the interest of Mortgagee in the Mortgaged Property or any part thereof, shall be endangered or shall be attacked, directly or indirectly, Mortgagor hereby authorizes Mortgagee, at Mortgagor's expense, to take all necessary and proper steps for the defense of such interest, including the employment of counsel, the prosecution or defense of litigation, and the compromise or discharge of claims made against such interest.

4.3 Organization and Power (Corporate Mortgagor): This Section is applicable if Mortgagor is a corporation. Mortgagor (a) is a corporation duly organized, validly existing under the laws of the state of its incorporation and in good standing under the laws of the state of its incorporation and the laws of the State of Florida, (b) has complied with all conditions prerequisite to its lawfully doing business in the state where the Land is situated, and (c) has all requisite corporate power and all governmental certificates of authority, licenses, permits, qualifications, and documentation to own, lease and operate its properties and to carry on its business as now being, and as proposed to be, conducted.

4.4 Organization and Power (Partnership or Joint Venture Mortgagor): This Section is applicable if Mortgagor is a partnership or joint venture. Mortgagor is duly organized and validly existing under applicable state laws, and all Loan Instruments are within Mortgagor's powers, have been duly authorized by all requisite action and are not in contravention of law or the powers of Mortgagor's partnership or joint venture agreement, as the case may be.

4.5 Existence of Mortgagor: Mortgagor will preserve and keep in full force and effect its existence, rights, franchises, and trade names.

4.6 Insurance: Mortgagor shall, at its sole cost and expense, obtain and maintain (a) a loan title insurance policy in the amount of the loan evidenced by the Note (in the form approved by Mortgagee), and (b) insurance upon and relating to all insurable Mortgaged Property by all risk insurance policies and, if requested by Mortgagee, shall include perils of collapse, flood, earthquake, as well as other insurance coverages, all in form and in companies acceptable to Mortgagee, in amounts equal to 100% of the replacement cost of the Improvements during the construction thereof and at least 90% of the replacement cost of the Improvements not under construction, or in such additional amounts as Mortgagee may require, with loss made payable to Mortgagee and with a standard form mortgage clause. Mortgagor shall deliver the policies of insurance to Mortgagee promptly as issued; and, if Mortgagor fails to do so, Mortgagee, at its option, may procure such insurance at Mortgagor's expense. All renewal and substitute policies of insurance shall be delivered at the office of Mortgagee, premiums paid, at least ten (10) days before termination of policies theretofore delivered to Mortgagee. In case of loss, Mortgagee, at its option, shall be entitled to receive and retain the proceeds of the insurance policies, applying the same on the indebtedness in such manner as Mortgagee shall elect. If any loss shall occur at any time when Mortgagor shall be in default hereof, Mortgagee shall be entitled to the benefit of all insurance held by or for any Mortgagor, to the same extent as if it had been made payable to Mortgagee, and upon foreclosure hereunder, Mortgagee shall become the owner thereof.

4.7 Taxes and Assessments: Mortgagor will pay all taxes and assessments against or affecting the Mortgaged Property as the same become due and payable, and, upon request by Mortgagee, Mortgagor will deliver to Mortgagee such evidence of the payment thereof as Mortgagee may require, and, if Mortgagor fails to do so, Mortgagee may pay them, together with all costs and penalties thereon, at Mortgagor's expense; provided however, that Mortgagor may in good faith, in lieu of paying such taxes and assessments as they become due and payable, by appropriate proceedings, contest the validity thereof. Pending such contest, Mortgagor shall not be deemed in default hereunder because of such nonpayment if, prior to delinquency of the asserted tax or assessment, Mortgagor furnishes Mortgagee an indemnity bond secured by a deposit in cash or other security acceptable to Mortgagee, or with a surety acceptable to Mortgagee, in the amount of the tax or assessment being contested

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by Mortgagor plus a reasonable additional sum to pay all costs, interest and penalties which may be imposed or incurred in connection therewith. Mortgagor will promptly pay any amount adjudged by a court of competent jurisdiction to be due, with all costs, penalties and interest thereon, on or before the date such judgment becomes final; and provided, further, that in any event, the tax, assessment, penalties, interest and costs shall be paid prior to the date on which any writ or order is issued under which the Mortgaged Property may be sold in satisfaction thereof.

4.8 Tax and Insurance Escrow: At the request of Mortgagee, Mortgagor shall create a fund or reserve for the payment of all insurance premiums, taxes and assessments against or affecting the Mortgaged Property by paying to Mortgagee, with each installment payment under the Note prior to the maturity of the Note, a sum equal to the premiums that will next become due and payable on the hazard insurance policies covering the Mortgaged Property, or any part thereof, plus taxes and assessments next due on the Mortgaged Property, or any part thereof, as estimated by Mortgagee, less all sums paid previously to Mortgagee therefor, divided by the number of installment payments to be made before one month prior to the date when such premiums, taxes and assessments will become delinquent, such sums to be held by Mortgagee, without interest, unless interest is required by applicable law, for the purpose of paying such premiums, taxes and assessments. Any excess reserve shall, at the discretion of Mortgagee, be credited by Mortgagee on subsequent reserve payments or subsequent payments to be made on the Note, and any deficiency shall be paid by Mortgagor to Mortgagee on or before one month prior to the date when such premiums, taxes and assessments shall become delinquent. Transfer of legal title to the Mortgaged Property shall automatically transfer the interest of Mortgagor in all sums deposited with Mortgagee under the provisions hereof or otherwise.

4.9 Condemnation: All judgments, decrees and awards for injury or damage to the Mortgaged Property, and all awards pursuant to proceedings for condemnation thereof, are hereby assigned in their entirety to Mortgagee, who may apply the same to the Indebtedness in such manner as it may elect; and Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances for, and to appeal from, any such award, judgment or decree. Immediately upon its obtaining knowledge of the institution or the threatened institution of any proceedings for the condemnation of the Mortgaged Property, Mortgagor shall notify Mortgagee of such fact. Mortgagor shall then, if requested by Mortgagee, file or defend its claim thereunder and prosecute same with due diligence to its final disposition and shall cause any awards or settlements to be paid over to Mortgagee for disposition pursuant to the terms of this Mortgage. Mortgagee shall be entitled to participate in and to control same and to be represented therein by counsel of its own choice, and Mortgagor will deliver, or cause to be delivered, to Mortgagee such instruments as may be requested by it from time to time to permit such participation. In the event Mortgagee, as a result of any such judgment, decree or award, reasonably believes that the payment or performance of any obligation secured by this Mortgage is impaired, Mortgagee may, without notice, declare all of the Indebtedness immediately due and payable.

4.10 Taxes on Note or Mortgage: At any time any law shall be enacted imposing or authorizing the imposition of any tax upon this Mortgage, or upon any rights, titles, liens, or security interests created hereby, or upon the Note, or any part thereof, Mortgagor shall immediately pay all such taxes; provided, that if it is unlawful for Mortgagor to pay such taxes, Mortgagor shall prepay the Note in full without penalty within sixty (60) days after demand therefor by Mortgagee.

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4.11 Statements by Mortgagor: At the request of Mortgagee, Mortgagor shall furnish promptly a written statement or affidavit, in such form as may be required by Mortgagee, stating the unpaid balance of the Note, the date to which interest has been paid and that there are no offsets or defenses against full payment of the Note and performance of the terms of the Loan Instruments, or if there are any such offsets or defenses, specifying them.

4.12 Repair, Waste, Alterations, etc.: Mortgagor will keep every part of the Mortgaged Property in good operating order, repair and condition and shall not commit or permit any waste thereof. Mortgagor will make promptly all repairs, renewals and replacements necessary to such end. Mortgagor will discharge all claims for labor performed and material furnished therefor, and will not suffer any lien of mechanics or materialmen to attach to any part of the Mortgaged Property. Mortgagor shall have the right to contest in good faith the validity of any such mechanics' or materialmen's lien, provided Mortgagor shall immediately take steps to (a) obtain and (unless otherwise agreed to by Mortgagee) deposit with Mortgagee a bond or other security satisfactory to Mortgagee in such amount as Mortgagee shall reasonably require, but not more than one hundred fifty percent (150%) of the amount of the claim, or (b) transfer the lien from the Mortgaged Property pursuant to any applicable provisions of Florida law resulting in the Mortgaged Property being lien-free, and provided further that Mortgagor shall thereafter diligently proceed to cause such lien to be removed and discharged. If Mortgagor shall fail to discharge any such lien, then, in addition to any other right or remedy of Mortgagee, Mortgagee may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond for the amount claimed, or otherwise giving security for such claim, or by taking such action as may be prescribed by law. Mortgagor will guard every part of the Mortgaged Property from removal, destruction and damage, and will not do or suffer to be done any act whereby the value of any part of the Mortgaged Property may be lessened. Mortgagor will not materially alter the Mortgaged Property without the prior written consent of Mortgagee.

4.13 No Drilling or Exploration: Without the prior written consent of Mortgagee, there shall be no drilling or exploring for, or extraction, removal, or production of minerals from the surface or subsurface of the Land. The term "minerals" as used herein shall include, without limiting the generality of such term, oil, gas, casinghead gas, coal, lignite hydrocarbons, methane, carbon dioxide, helium, uranium and all other natural elements, compounds and substances, including sand and gravel.

4.14 No Pledge or Change of Stock or Partnership Interest: If Mortgagor is a corporation, the shareholders of Mortgagor shall not sell, pledge or assign any shares of the stock of Mortgagor without the prior written consent of Mortgagee. If Mortgagor is a partnership or joint venture, the general partners or joint venturers of Mortgagor shall not sell, pledge or assign any of their partnership or joint venture interest in Mortgagor and no general partner or joint venturer shall withdraw from or be admitted into Mortgagor without the prior written consent of Mortgagee.

4.15 Compliance with Laws: Mortgagor, the Mortgaged Property, and the use thereof by Mortgagor shall comply with all laws, rules, ordinances, regulations, covenants, conditions, restrictions, orders and decrees of any governmental authority or court applicable to Mortgagor, Mortgaged Property, and its use, and Mortgagor shall pay all fees or charges of any kind in connection therewith.

4.16 Income, Expense and Financial Statements: (a) Within thirty (30) days following Mortgagee's request, Mortgagor shall deliver to Mortgagee then current financial statements, in form and

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content satisfactory to Mortgagee, itemizing the income and expenses of the Mortgaged Property, (b) within sixty (60) days following the end of its fiscal year, Mortgagor shall deliver to Mortgagee then current financial statements of Mortgagor, in form and content satisfactory to Mortgagee, and (c) within thirty (30) days following Mortgagee's request, Mortgagor shall cause any other party liable on the Indebtedness (or on any part thereof) to deliver to Mortgagee then current financial statements of such party, in form and content satisfactory to Mortgagee, and if requested by Mortgagee, such financial statements in (b) and (c) hereof shall be reviewed and/or audited by an independent certified public accountant.

4.17 Hold Harmless: Mortgagor will defend, at its own cost and expense, and hold Mortgagee harmless from, any proceeding or claim in any way relating to the Mortgaged Property or the Loan Instruments other than those arising from any claim Mortgagor may have against Mortgagee. All costs and expenses incurred by Mortgagee in protecting its interests hereunder, including all court costs and reasonable attorneys' fees, shall be borne by Mortgagor. The provisions of this Section shall survive the payment in full of the Indebtedness and the release of this Mortgage as to events occurring and causes of action arising before such payment and release.

4.18 Trade Names: At the request of Mortgagee, Mortgagor shall execute a certificate in form satisfactory to Mortgagee listing the trade names under which Mortgagor intends to operate the Mortgaged Property, and representing and warranting that Mortgagor does business under no other trade names with respect to the Mortgaged Property. Mortgagor shall immediately notify Mortgagee in writing of any change in said trade names, and will, upon request of Mortgagee, execute any additional financing statements and other certificates required to reflect the change in trade names and will execute and file any assumed name certificate required by applicable laws.

4.19 Further Assurances: Mortgagor, upon the request of Mortgagee, will execute, acknowledge, deliver, and record such further instruments and do such further acts as may be necessary, desirable or proper to carry out the purposes of the Loan Instruments and to subject to the liens and security interests created thereby any property intended by the terms thereof to be covered thereby, including specifically, but without limitation, any renewals, additions, substitutions, replacements, improvements, or appurtenances to the Mortgaged Property.

4.20 Recording and Filing: Mortgagor will cause the Loan Instruments and all amendments, supplements and extensions thereto and substitutions therefor to be recorded, filed, re-recorded and refiled in such manner and in such places as Mortgagee shall reasonably request, and will pay all such recording, filing, re-recording and refiling fees, title insurance premiums, and other charges.

4.21 Payment of Debts: Mortgagor shall promptly pay when due all obligations regarding the ownership and operation of the Mortgaged Property except any such obligations which are being diligently contested in good faith by appropriate proceedings and as to which Mortgagor, if requested by Mortgagee, shall have furnished to Mortgagee security satisfactory to Mortgagee.

4.22 Modification by Subsequent Owners: Each Mortgagor agrees that it shall be bound by any modification of this Mortgage or any of the other Loan Instruments made by Mortgagee and any subsequent owner of the Mortgaged Property, with or without notice to such Mortgagor, and no such modifications shall impair the obligations of such Mortgagor under this Mortgage or any other of the Loan Instruments. Nothing in this Section shall be construed as permitting any transfer of the Mortgaged Property which would

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constitute an Event of Default under other provisions of this Mortgage.

ARTICLE 5

SUBORDINATE MORTGAGES

Mortgagor shall not, without the prior written consent of Mortgagee, grant any lien, security interest, or other encumbrance (hereinafter called "Subordinate Mortgage") covering any of the Mortgaged Property. If Mortgagee consents to a Subordinate Mortgage or if the foregoing prohibition is determined by a court of competent jurisdiction to be unenforceable, any such Subordinate Mortgage shall contain express covenants to the effect that:

(a) the Subordinate Mortgage is unconditionally subordinate to this Mortgage;

(b) if any action (whether judicial or pursuant to a power of sale) shall be instituted to foreclose or otherwise enforce the Subordinate Mortgage, no tenant of any of the Leases will be named as a party defendant, and no action will be taken which would terminate any occupancy or tenancy without the prior written consent of Mortgagee;

(c) Rents, if collected by or for the holder of the Subordinate Mortgage, shall be applied first to the payment of the Indebtedness then due and expenses incurred in the ownership, operation and maintenance of the Mortgaged Property in such order as Mortgagee may determine, prior to being applied to any indebtedness secured by the Subordinate Mortgage; and

(d) written notice of default under the Subordinate Mortgage and written notice of the commencement of any action (whether judicial or pursuant to a power of sale) to foreclose or otherwise enforce the Subordinate Mortgage shall be given to Mortgagee with or immediately after the occurrence of any such default or commencement.

ARTICLE 6

MISCELLANEOUS

6.1 Collection: If the Indebtedness shall be collected by legal proceedings, whether through a probate or bankruptcy court or otherwise, or shall be placed in the hands of an attorney for collection after default or maturity, Mortgagor agrees to pay the attorneys' and collection fees in the amount set forth in the Note, and such fees shall be a part of the Indebtedness.

6.2 Change in Ownership: If the ownership of the Mortgaged Property or any part thereof becomes vested in a person other than Mortgagor, or in the event of a change of ownership of Mortgagor, Mortgagee may, without notice to Mortgagor, deal with such successor or successors in interest with reference to this Mortgage and to the Indebtedness in the same manner as with Mortgagor without in any way vitiating or discharging Mortgagor's liability hereunder or upon the Indebtedness. No sale of the Mortgaged Property, and no forbearance on the part of Mortgagee, and no extension of the time for the payment of the Indebtedness, shall operate to release or affect the original liability of Mortgagor.

6.3 Release of Lien: If Mortgagor shall perform each of the covenants and agreements herein contained, then this conveyance shall become null and void and shall be released at Mortgagor's written request and expense; otherwise, it shall remain in full force and effect. No release or modification of this conveyance,

or of the lien, security interest or assignment created and evidenced hereby, shall be valid unless executed by Mortgagee.

6.4 Partial Release of Lien, Extension, etc.: Mortgagor shall have the right to obtain partial releases of the Mortgaged Property from the lien created hereunder subject to the terms of the Loan Agreement. Any part of the Mortgaged Property may be released by Mortgagee without affecting the lien, security interest and assignment hereof against the remainder. The lien, security interest and other rights granted hereby shall not affect or be affected by any other security taken for the Indebtedness. The taking of additional security, or the extension or renewal of the Indebtedness or any part thereof, shall not release or impair the lien, security interest and other rights granted hereby, or affect the liability of any endorser or guarantor or improve the right of any permitted junior lienholder; and this Mortgage, as well as any instrument given to secure any renewal or extension of the Indebtedness, or any part thereof, shall be and remain a first and prior lien, except as otherwise provided herein, on all of the Mortgaged Property not expressly released until the Indebtedness is paid.

6.5 Waiver of Marshalling and Certain Rights: To the extent that Mortgagor may lawfully do so, Mortgagor hereby expressly waives any right pertaining to the marshalling of assets, the exemption of homestead, the administration of estates of decedents, or other matter to defeat, reduce or affect the right of Mortgagee to sell the Mortgaged Property for the collection of the Indebtedness (without any prior or different resort for collection), or the right of Mortgagee to the payment of the Indebtedness out of the proceeds of sale of the Mortgaged Property in preference to every other person and claimant.

6.6 Subrogation: To the extent that proceeds of the Indebtedness are used to pay any outstanding lien, charge or encumbrance affecting the Mortgaged Property, such proceeds have been advanced by Mortgagee at Mortgagor's request, and Mortgagee shall be subrogated to all rights, interests and liens owned or held by any owner or holder of such outstanding liens, charges and encumbrances, irrespective of whether such liens, charges or encumbrances are released of record; provided, however, that the terms and provisions hereof shall govern the rights and remedies of Mortgagee and shall supersede the terms, provisions, rights, and remedies under the lien or liens to which Mortgagee is subrogated hereunder.

6.7 No Waiver: No waiver of any default on the part of Mortgagor or breach of any of the provisions of this Mortgage or of any other instrument executed in connection with the Indebtedness shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers herein granted shall be construed as a waiver of such rights and powers, and likewise no exercise or enforcement of any rights or powers hereunder shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time. Acceptance by Mortgagee of partial payments shall not constitute a waiver of the default by failure to make full payments.

6.8 Limitation on Interest: All agreements between Mortgagor and Mortgagee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of acceleration of the maturity of any of the Indebtedness or otherwise, shall the interest contracted for, charged or received by Mortgagee exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to Mortgagee in excess of the maximum lawful amount, the interest payable to Mortgagee shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance Mortgagee shall ever

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receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall be applied to the reduction of the principal balance of the Indebtedness and not to the payment of interest or, if such excessive interest exceeds the unpaid balance of principal of the Indebtedness, such excess shall be refunded to Mortgagor. All interest paid or agreed to be paid to Mortgagee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal of the Indebtedness (including the period of any renewal or extension thereof) so that the interest thereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between Mortgagor and Mortgagee.

6.9 Successors and Assigns; Use of Terms: The covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective heirs, executors, administrators, personal representatives, successors, and assigns of the parties hereto. Whenever used, the singular number shall include the plural and the plural the singular, and the use of any gender shall be applicable to all genders. The term "Mortgagor" shall include in their individual capacities and jointly all parties hereinabove named a Mortgagor. The term "Mortgagee" shall include any lawful owner, holder, pledgee, or assignee of any of the Indebtedness. The duties, covenants, conditions, obligations, and warranties of Mortgagor in this Mortgage shall be joint and several obligations of Mortgagor and each Mortgagor, if more than one, and Mortgagor's heirs, executors, administrators, personal representatives, successors and assigns. Each party who executes this Mortgage and each subsequent owner of the Mortgaged Property, or any part thereof (other than Mortgagee), covenants and agrees that it will perform, or cause to be performed, each term and covenant of this Mortgage.

6.10 Mortgagee's Consent: Except as expressly provided otherwise herein, in any instance hereunder where Mortgagee's approval or consent is required or the exercise of Mortgagee's judgment is required, the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of Mortgagee, and Mortgagee shall not, for any reason or to any extent, be required to grant such approval or consent or exercise such judgment in any particular manner regardless of the reasonableness of either the request or Mortgagee's judgment.

6.11 Severability: If any provision of this Mortgage is held to be illegal, invalid, or unenforceable under present or future laws effective while this Mortgage is in effect, the legality, validity and enforceability of the remaining provisions of this Mortgage shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable provision there shall be added automatically as a part of this Mortgage a provision which is legal, valid and enforceable and as similar in terms to such illegal, invalid or unenforceable provision as may be possible. If any of the Indebtedness should be unsecured, the unsecured portion of the Indebtedness shall be completely paid prior to the payment of the secured portion of such Indebtedness, and all payments made on account of the Indebtedness shall be considered to have been paid on and applied first to the complete payment of the unsecured portion of the Indebtedness.

6.12 Modification or Termination: The Loan Instruments may only be modified or terminated by a written instrument or instruments executed by the party against which enforcement of the modification or termination is asserted. Any alleged modification or termination which is not so documented shall not be effective as to any party.

6.13 No Partnership: Nothing contained in the Loan Instruments is intended to create any partnership, joint venture

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or association between Mortgagor and Mortgagee, or in any way make Mortgagee a co-principal with Mortgagor with reference to the Mortgaged Property, and any inferences to the contrary are hereby expressly negated.

6.14 No Homestead: With respect to each Mortgagor who is an individual, no part of the Mortgaged Property constitutes any part of his business or residential homestead.

6.15 Headings: The Article, Paragraph and Subparagraph headings hereof are inserted for convenience of reference only and shall not alter, define, or be used in construing the text of such Articles, Paragraphs or Subparagraphs.

6.16 Applicable to Leasehold Mortgages: If this Mortgage creates a lien on a leasehold estate, then the following provisions shall apply:

(a) Mortgagor shall (i) fully perform and comply with all covenants, warranties, representations, and other obligations imposed upon or assumed by it as lessee, sublessee, or otherwise under any lease, sublease or similar agreement pursuant to which it has a possessory interest in the Land, and (ii) upon Mortgagor's failure or alleged failure (notwithstanding that the alleged failure may be contested by Mortgagor) so to do, Mortgagee shall have the absolute and immediate right to enter upon the Mortgaged Property and to take such other action, to such extent and as often as Mortgagee, in its opinion, deems necessary or desirable, to prevent or to cure any such failures or alleged failures by Mortgagor; and

(b) Mortgagor hereby agrees with Mortgagee that it will not, without Mortgagee's prior written consent thereto, (i) terminate or modify the lease, sublease or similar agreement in any respect or (ii) permit the fee title to the Mortgaged Property demised by such lease, sublease or agreement (if fee title be so demised) and the leasehold estate so created to merge, but rather the said fee title and the said leasehold estate shall always be separate and distinct.

6.17 Applicable to Prior Liens and Subordinate Mortgage: If this Mortgage becomes subordinate to any other liens, security interest, assignments or leases or rents or any other encumbrances (collectively, the "Prior Liens") affecting any of the Mortgaged Property (all documents creating the Prior Liens and evidencing and governing the indebtedness secured thereby being collectively called the "Prior Lien Documents") the provisions of this Section 6.17 shall apply. Mortgagor shall not enter into any renewal, extension, modification, increase or refinancing of any of the Prior Lien Documents or the indebtedness secured thereby without the prior written consent of Mortgagee. Mortgagor shall pay when due all indebtedness evidenced and secured by the Prior Lien Documents and shall timely perform all other obligations of the Mortgagor under the Prior Lien Documents. Mortgagee may, but shall not be obligated to, pay any such indebtedness or perform any such obligations for the account of Mortgagor and any sum so expended shall be secured hereby. Mortgagor shall pay to Mortgagee all amounts so expended by Mortgagee with interest on such amounts from the date paid at the rate set forth in the Note, but not in excess of the highest rate permitted by applicable law. Any default under any of the Prior Lien Documents shall constitute an event of default hereunder. If Mortgagee should cure any such default under any of the Prior Lien Documents, the curing thereof by Mortgagee shall not constitute a cure of the default under this Mortgage. Mortgagor shall send to Mortgagee a copy of each notice of default or notice of acceleration or other notice received by Mortgagor from the holder of any of the Prior Lien Documents within one (1) business day after the receipt thereof by Mortgagor.

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Borrower or seller under the Purchase Agreement with each requirement of the Purchase Agreement promptly upon compliance but no later than seven (7) day after the deadline established in the Purchase Agreement for satisfaction of such requirement, including, but not limited to the following:

(a) Delivery of the "Second Closing Deposit" to the "Escrow Agent" (2.01 and 2.02);

(b) Completion of the installation of the subdivision improvements and utilities on or before December 31, 1988 (7.03);

(c) Completion of the so-called "Other Land Improvements" on or before December 31, 1988 (7.05);

(d) Completion of the paving of all roads required for access to the Lots which are the subject of the Purchase Agreement on or before December 31, 1988 (7.06);

(e) Completion of house pads on or before December 31, 1988 (7.07);

(f) Delivery of the escrow to secure the completion of the subdivision improvements and utilities on the date of the "First Closing" (7.10); and

(g) Delivery of the escrow to secure the completion of the "Other Land Improvements" on the date of the "First Closing" (7.11).

O. Borrower has duly executed and delivered this Agreement and all documents referred to herein.

P. The execution and performance of this Agreement and the consummation of the transactions hereby contemplated will not result in any breach of or constitute a default under the articles of incorporation and bylaws creating and governing Borrower.

Q. Except as hereinafter provided, the Note shall mature on May 23, 1990; provided, however, notwithstanding the foregoing, the Note shall mature on November 23, 1990, if, as of May 23, 1990, (1) no Event of Default shall have occurred hereunder or under any of the other Loan Instruments, and no event or condition shall exist which with the passage of time or the giving of notice, or both, could constitute an Event of Default; (2) Borrower shall have requested an extension of the maturity date of the Loan in writing to Lender at least thirty (30) days prior to such date; (3) Borrower shall have paid to Lender an extension fee in cash in the amount equal to one-half percent (1/2%) of the then unpaid balance of the Loan; (4) if requested by Lender, Borrower and any other parties Lender may require shall execute such documents as Lender may require to effectuate such extension; and (5) Borrower shall have paid to Lender all interest then due and owing on the Note.


3/7/89

R. This Agreement shall inure to the benefit of Lender's successors and assigns.

EXECUTED as of the date and year first above recited.

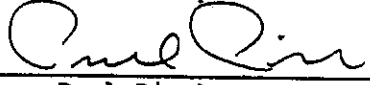
BORROWER:

AMBASSADOR HOMES, INC.,
a Florida corporation

By: 
Its: _____ President

LENDER:

LOMAS MORTGAGE USA, INC.,
a Connecticut corporation

By: 
Paul Pirok
Authorized Officer

Notwithstanding the foregoing, Mortgagee does not consent to any Prior Lien unless otherwise expressly permitted in this Mortgage.

6.18 Entire Agreement: The Loan Instruments constitute the entire understanding and agreement between Mortgagor and Mortgagee with respect to the transactions arising in connection with the Indebtedness and supersede all prior written or oral understandings and agreements between Mortgagor and Mortgagee in connection therewith.

6.19 Delivery of Sales Contracts: Mortgagor shall deliver to Mortgagee copies of all contracts of sale with prospective purchasers of any portion of the Mortgaged Property within fifteen (15) days after final execution thereof by all parties thereto. Mortgagor shall also notify Mortgagee of the termination of any such contracts.

6.20 Joinder of Mortgagee: By its acceptance hereof, Mortgagee agrees to join in any easement or dedication, condominium declaration, plat or restriction that has been approved by Mortgagee, such approval not to be unreasonably withheld.

6.21 CHOICE OF LAW: THIS MORTGAGE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF FLORIDA AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN FLORIDA EXCEPT WHERE FEDERAL LAW IS APPLICABLE (INCLUDING, WITHOUT LIMITATION, ANY FEDERAL USURY CEILING OR OTHER FEDERAL LAW WHICH, FROM TIME TO TIME, IS APPLICABLE TO ANY OF THE INDEBTEDNESS AND WHICH PREEMPTS STATE LAW).

6.22 Absence of Obligations of Mortgagee with respect to Mortgaged Property: Notwithstanding anything in this Mortgage to the contrary, including, without limitation, the definition of "Mortgaged Property" and/or the provisions of Article 2 hereof (a) to the extent permitted by applicable law, the Mortgaged Property is comprised of Mortgagor's rights, title and interests therein but not its obligations, duties or liabilities pertaining thereto, (b) Mortgagee neither assumes nor shall have any obligations, duties or liabilities in connection with any portion of the items described in connection with the definition of "Mortgaged Property" herein, either prior to or after obtaining title to such Mortgaged Property, whether by foreclosure sale, the granting of a deed in lieu of foreclosure or otherwise, and (c) Mortgagee may, at any time prior to or after the acquisition of title to any portion of the Mortgaged Property as above described, advise any party in writing as to the extent of Mortgagee's interest therein and/or expressly disaffirm in writing any rights, interests, obligations, duties and/or liabilities with respect to such Mortgaged Property or matters related thereto. Without limiting the generality of the foregoing, it is understood and agreed that Mortgagee shall have no obligations, duties or liabilities prior to or after acquisition of title to any portion of the Mortgaged Property, as lessee under any lease or purchaser or seller under any contract or option unless Mortgagee elects otherwise by written notification.

ARTICLE 7

EVENTS OF DEFAULT

The occurrence of any one of the following shall be a default hereunder ("Event of Default"):

7.1 Failure to Pay Indebtedness: Subject to Section I.D(1) of the Loan Agreement, any of the Indebtedness or any other obligation involving the payment of money is not paid when due, whether by acceleration or otherwise.

7.2 Non-Performance of Covenants: Subject to Section I.D(2) of the Loan Agreement, any covenant in the Loan Instruments is not fully and timely performed, or the occurrence of any default thereunder.

7.3 False Representation: Any statement, representation or warranty in the Loan Instruments, any financial statement or any other writing delivered to Mortgagee in connection with the Indebtedness or by any guarantor thereof is false, misleading or erroneous in any material respect.

7.4 Bankruptcy or Insolvency: If the owner of the Mortgaged Property or any person obligated to pay the Indebtedness:

(a) generally does not pay its debts as they become due or admits in writing its inability to pay its debts or makes a general assignment for the benefit of creditors; or

(b) commences any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors; or

(c) in any involuntary case, proceeding or other action commenced against it which seeks to have an order for relief entered against it, as debtor, or seeks reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, (i) fails to obtain a dismissal of such case, proceeding or other action within sixty (60) days of its commencement, or (ii) converts the case from one chapter of the Federal Bankruptcy Code to another chapter, or (iii) is the subject of an order for relief; or

(d) conceals, removes, or permits to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors or any of them, or makes or suffers a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or makes any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or permits while insolvent, any creditor to obtain a lien upon any of its property through legal proceedings which is not vacated within sixty (60) days from the date thereof; or

(e) has a trustee, receiver, custodian or other similar official appointed for or take possession of all or any part of the Mortgaged Property or any other of its property or has any court take jurisdiction of any other of its property which remains undismissed for a period of sixty (60) days (except where a shorter period is specified in the immediately following paragraph (f)); or

(f) fails to have discharged within a period of ten (10) days any attachment, sequestration, or similar writ levied upon any property of such person; or

(g) fails to pay immediately any final money judgment against such person.

7.5 Transfer of the Mortgaged Property: Title to all or any part of the Mortgaged Property (other than obsolete or worn Personal Property replaced by adequate substitutes of equal or greater value than the replaced items when new) shall become vested in any party other than Mortgagor, whether by operation of law or otherwise.

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7.6 Grant of Easement, etc.: Without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld, Mortgagor grants any easement or dedication, files any plat, condominium declaration, or restriction or enters into any lease, unless such action is expressly permitted by the Loan Instruments or does not affect the Mortgaged Property.

7.7 Abandonment: Mortgagor abandons any of the Mortgaged Property.

7.8 Deterioration: Mortgagee determines that the physical condition of the Mortgaged Property has deteriorated, such that Mortgagee determines the Mortgaged Property cannot be used for its contemplated purposes.

7.9 Foreclosure of Other Liens: If the holder of any lien, security interest or assignment on the Mortgaged Property or any other property securing the payment or performance of any of the Indebtedness institutes foreclosure or other proceedings for the enforcement of its remedies thereunder.

7.10 Liquidation, Death, Etc.: The liquidation, termination, dissolution or legal incapacity of Mortgagor, the maker of the Note if other than Mortgagor, or any guarantor of the Indebtedness.

7.11 Transfer of Ownership of Mortgagor. If Mortgagor or the owner of the Mortgaged Property (if other than Mortgagor) is a corporation, the sale, pledge or assignment of any shares of its stock without the prior written consent of Mortgagee. If Mortgagor or the owner of the Mortgaged Property (if other than Mortgagor) is a partnership or joint venture, the sale, pledge or assignment of any of its partnership or joint venture interests or the withdrawal from or admission into it of any general partner or joint venturer without the prior written consent of Mortgagee.

7.12 Letter of Credit or Certificate of Deposit. If any letter of credit or certificate of deposit is required to be delivered to Mortgagee in connection with the loan (as defined in the Loan Agreement), failure, during the term of the Loan, to extend the expiration or maturity date of any such letter of credit or certificate of deposit as it exists from time to time and to deliver evidence thereof satisfactory to Mortgagee, in its sole determination, at least thirty (30) days prior to such expiration or maturity date; provided, further, notwithstanding anything contained to the contrary herein or in any other of the Loan Instruments, including, without limitation, any provision hereof or thereof which may require Mortgagee to provide Mortgagor, any guarantor or any other party obligated hereunder or thereunder with any written notice prior to declaring an Event of Default, such parties shall not be entitled to receive nor shall Mortgagee have any obligation to give any such notice if Mortgagor fails to perform any of its obligations under this Section 7.12 and such failure shall constitute an Event of Default under the Loan Instruments without any notification by Mortgagee or the passage of time.

ARTICLE 8

REMEDIES

8.1 Exercise of Specific Remedies: If an Event of Default shall occur, Mortgagee may exercise any one or more of the following remedies, without notice (unless notice is required by applicable law):

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(a) Acceleration: Mortgagee may declare the Indebtedness immediately due and payable, without notice, whereupon the same shall become immediately due and payable. Mortgagor hereby waives notice of intent to accelerate and notice of acceleration.

(b) Possession: Mortgagee may take immediate possession of the Mortgaged Property or any part thereof (which Mortgagor agrees to surrender to Mortgagee) and manage, control or lease the same to such person or persons and at such rental as it may deem proper and collect all the rents, issues and profits therefrom, including those past due as well as those thereafter accruing, with the right in Mortgagee to cancel any lease or sublease for any cause which would entitle Mortgagor to cancel the same; to make such expenditures for maintenance, repairs and costs of operation as it may deem advisable; and after deducting the cost thereof and a commission of five (5%) percent upon the gross amounts of rents collected, to apply the residue to the payment of any sums which are unpaid hereunder or under the Note. The taking of possession under this paragraph shall not prevent concurrent or later proceedings for the foreclosure sale of the Mortgaged Property as provided elsewhere herein.

(c) Receiver: Mortgagee may apply to any court of competent jurisdiction for the appointment of a receiver or similar official to manage and operate the Mortgaged Property, or any part thereof, and to apply the net rents and profits therefrom to the payment of the interest and/or principal of the Note and/or any other obligations of Mortgagor to Mortgagee hereunder. In event of such application, Mortgagor agrees to consent to the appointment of such receiver or similar official and agrees that such receiver or similar official may be appointed without notice to Mortgagor, without regard to the adequacy of any security for the debt and without regard to the solvency of Mortgagor or any other person, firm or corporation who or which may be liable for the payment of the Indebtedness.

(d) Foreclosure: Mortgagee shall have the right to foreclose this Mortgage and in case of sale in an action or proceeding to foreclose this Mortgage, Mortgagee shall have the right to sell the Mortgaged Property covered hereby in parts or as an entirety. It is intended hereby to give to Mortgagee the widest possible discretion permitted by law with respect to all aspects of any such sale or sales. Without declaring the entire unpaid principal balance due, Mortgagee may foreclose only as to the sum past due, without injury to this Mortgage or the displacement or impairment of the remainder of the lien thereof, and at such foreclosure sale the property sold shall be subject to all remaining items of the Indebtedness; and Mortgagee may again foreclose, in the same manner, as often as there may be any sum past due.

(e) Additional Provisions: Mortgagor expressly agrees, on behalf of itself, its successors and assigns and any future owner of the Mortgaged Property not released herefrom, or any part thereof or interest therein, as follows:

(i) The obtaining of a judgment or decree on the Note, whether in the State of Florida or elsewhere, shall not in any manner affect the lien of this Mortgage upon the Mortgaged Property covered hereby, and any judgment or decree so obtained shall be secured hereby to the same extent as the Note is now secured.

(ii) In the event of any foreclosure sale hereunder, all net proceeds shall be available for application to the Indebtedness whether or not such proceeds may exceed the value of the Mortgaged Property

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for recordation tax, mortgage tax, insurance or other purposes.

(iii) The only limitation upon the foregoing agreements as to the exercise of Mortgagee's remedies is that there shall be but one full and complete satisfaction of the Indebtedness.

(f) Lawsuits: Mortgagee may proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction.

(g) Entry on Mortgaged Property: Upon occurrence of an Event of Default hereunder, Mortgagee may enter into and upon and take possession of all or any part of the Mortgaged Property, and may exclude Mortgagor, and all persons claiming under Mortgagor, and its or their agents or servants, wholly or partly therefrom; and, holding the same, Mortgagee may use, administer, manage, operate, and control the Mortgaged Property and may exercise all rights and powers of Mortgagor in the name, place and stead of Mortgagor, or otherwise, as the Mortgagee shall deem best; and in the exercise of any of the foregoing rights and powers Mortgagee shall not be liable to Mortgagor for any loss or damage thereby sustained unless due solely to the willful misconduct or gross negligence of Mortgagee.

8.2 Tenancy at Will: In the event of a foreclosure sale hereunder, if at the time of such sale Mortgagor occupies the portion of the Mortgaged Property so sold or any part thereof, Mortgagor shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either tenant or landlord, at a reasonable rental per day based upon the value of the portion of the Mortgaged Property so occupied, such rental to be due and payable daily to the purchaser. An action of forcible detainer shall lie if the tenant holds over after a demand in writing for possession of such Mortgaged Property.

8.3 Mortgagee's Right to Perform: Upon Mortgagor's failure to make any payment or perform any act required by the Loan Instruments, then at any time thereafter, and without notice to or demand upon Mortgagor and without waiving or releasing any other right, remedy or recourse, Mortgagee may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of Mortgagor, and shall have the right to enter the Mortgaged Property for such purpose and to take all such action thereon as it may deem necessary or appropriate.

8.4 Reimbursement of Expenditure: If Mortgagee shall expend any money chargeable to Mortgagor or subject to reimbursement by Mortgagor under the terms of the Loan Instruments, within five (5) days after receipt of notice, Mortgagor will repay the same to Mortgagee immediately at the place where the Note is payable, together with interest thereon at the Applicable Rate (as defined in the Note) per annum from and after the date of each such expenditure by Mortgagee. All sums not paid within said five-day period shall bear interest at the Applicable Rate plus five percent (5%) per annum from and after the date of each such expenditure by Mortgagee.

8.5 Other: Mortgagee may exercise any and all other rights, remedies and recourses granted under the Loan Instruments now or

hereafter existing in equity or at law for the protection and preservation of the Mortgaged Property.

8.6 Remedies Cumulative, Concurrent and Nonexclusive: Mortgagee shall have all rights, remedies and recourses granted in the Loan Instruments and available at law or equity (including, without limitation, those granted by the Code and applicable to the Mortgaged Property, or any portion thereof) and same (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Mortgagor or others obligated for the Indebtedness, or any part thereof or against any one or more of them, or against the Mortgaged Property, at the sole discretion of Mortgagee, (c) may be exercised as often as occasion therefor shall arise, it being agreed by Mortgagor that the exercise or failure to exercise any of same shall in no event be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive.

8.7 Notices: All notices, demands, requests, and other communications required or permitted hereunder shall be in writing and shall be deemed to have been received when delivered personally or when being deposited with the United States Postal Service, certified, return receipt requested, addressed to Mortgagor or Mortgagee, as the case may be, at the respective addresses set forth herein, or at such other address as Mortgagor or Mortgagee may from time to time designate by written notice to the other as herein required.

ARTICLE 9

HAZARDOUS MATERIALS

9.1 Definitions. For the purposes of this Mortgage, Mortgagor and Mortgagee agree that, unless the context otherwise specifies or requires, the following terms shall have the meaning herein specified:

(a) "Hazardous Materials" shall mean (a) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.), as amended from time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) ("CERCLA"), as amended from time to time, and regulations promulgated thereunder; (c) asbestos; (d) polychlorinated biphenyls; (e) any substance the presence of which on the Mortgaged Property is prohibited by any Governmental Requirements (as hereinafter defined); (f) any petroleum-based products; (g) underground storage tanks; and (h) any other substance which by any Governmental Requirements requires special handling or notification of any federal, state or local governmental entity in its collection, storage, treatment, or disposal. For purposes herein "Governmental Requirements" shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the city, or any other political subdivision in which the Mortgaged Property is located, and any other political subdivision, agency or instrumentality exercising jurisdiction over Mortgagor or the Mortgaged Property.

(b) "Hazardous Materials Contamination" shall mean the contamination (whether presently existing or hereafter occurring) of the Improvements, facilities, soil, groundwater, air or other elements on or of the Mortgaged Property by Hazardous Materials, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on or of any other property as a result of Hazardous Materials at any

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time (whether before or after the date of this Mortgage) emanating from the Mortgaged Property.

9.2 Mortgagor's Representations and Warranties. Mortgagor hereby represents and warrants that to Mortgagor's knowledge no Hazardous Materials are now located on the Mortgaged Property and that neither Mortgagor nor, to Mortgagor's knowledge, any other person has ever caused or permitted any Hazardous Materials to be placed, held, located or disposed of on, under or at the Mortgaged Property or any part thereof. To Mortgagor's knowledge, no part of the Mortgaged Property is being used or has ever been used for the disposal, storage, treatment, processing, manufacturing or other handling of Hazardous Materials, and no part of the Mortgaged Property is affected by any Hazardous Materials Contamination. To Mortgagor's knowledge, no property adjoining the Mortgaged Property is or has ever been used for the disposal, storage, treatment, processing, manufacturing or other handling of Hazardous Materials, and any other property adjoining the Mortgaged Property is not affected by Hazardous Materials Contamination. To Mortgagor's knowledge, no investigation, administrative order consent order and agreement, litigation or settlement with respect to Hazardous Materials or Hazardous Materials Contamination is proposed, threatened, anticipated or in existence with respect to the Mortgaged Property. To Mortgagor's knowledge, the Mortgaged Property is not currently on, and to Mortgagor's knowledge, after diligent investigation and inquiry, has never been on, any federal or state "Superfund" or "Superlien" list. Notwithstanding that the foregoing warranties and representations are "to Mortgagor's knowledge", the existence of any of the foregoing at any time during the term of the Indebtedness shall, at Mortgagee's option, constitute an Event of Default hereunder and under any other of the Loan Instruments.

9.3 Mortgagor's Covenants. Mortgagor agrees to (a) give notice to Mortgagee immediately upon Mortgagor's acquiring knowledge of the presence of any Hazardous Materials on the Mortgaged Property or of any Hazardous Materials Contamination with a full description thereof; (b) promptly comply with any Governmental Requirements requiring the removal, treatment or disposal of such Hazardous Materials or Hazardous Materials Contamination and provide Mortgagee with satisfactory evidence of such compliance; and (c) provide Mortgagee, within thirty (30) days after demand by Mortgagee, with a bond, letter of credit or similar financial assurance evidencing to Mortgagee's satisfaction that sufficient funds are available to pay the cost of removing, treating and disposing of such Hazardous Materials or Hazardous Materials Contamination and discharging any assessments which may be established on the Mortgaged Property as a result thereof.

9.4 Site Assessments. If Mortgagee shall ever have reason to believe that there are Hazardous Materials or Hazardous Contamination affecting any of the Mortgaged Property, Mortgagee (by its officers, employees and agents) at any time and from time to time, either prior to or after the occurrence of an Event of Default, may contract for the services of persons (the "Site Reviewers") to perform environmental site assessments ("Site Assessments") on the Mortgaged Property for the purpose of determining whether there exists on the Mortgaged Property any environmental condition which could result in any liability, cost or expense to the owner, occupier or operator of such Mortgaged Property arising under any state, federal or local law, rule or regulation relating to Hazardous Materials. The Site Assessments may be performed at any time or times, upon reasonable notice, and under reasonable conditions established by Mortgagor which do not impede the performance of the Site Assessments. The Site Reviewers are hereby authorized to enter upon the Mortgaged Property for such purposes. The Site Reviewers are further authorized to perform both above and below the ground testing for environmental damage or the presence of Hazardous Materials on the Mortgaged Property and such other tests on the Mortgaged Property as may be necessary

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to conduct the Site Assessments in the reasonable opinion of the Site Reviewers. Mortgagor will supply to the Site Reviewers such historical and operational information regarding the Mortgaged Property as may be reasonably requested by the Site Reviewers to facilitate the Site Assessments and will make available for meetings with the Site Reviewers appropriate personnel having knowledge of such matters. On request, Mortgagee shall make the results of such Site Assessments fully available to Mortgagor, which (prior to an Event of Default) may at its election participate under reasonable procedures in the direction of such Site Assessments and the description of tasks of the Site Reviewers. The cost of performing such Site Assessments shall be paid by Mortgagor upon demand of Mortgagee and any such obligations shall be Indebtedness secured by this Mortgage.

9.5 Indemnification. Regardless of whether any Site Assessments are conducted hereunder, if any Event of Default shall have occurred and be continuing or any remedies in respect of the Mortgaged Property are exercised by Mortgagee, Mortgagor shall defend, indemnify and hold harmless Mortgagee from any and all liabilities (including strict liability), actions, demands, penalties, losses, costs or expenses (including, without limitation, consultants fees, investigation and laboratory fees, reasonable attorneys' fees, expenses and remedial costs), suits, costs of any settlement or judgment and claims of any and every kind whatsoever which may now or in the future (whether before or after the release of this Mortgage) be paid, incurred or suffered by or asserted against Mortgagee by any person or entity or governmental agency for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Mortgaged Property of any Hazardous Materials or any Hazardous Materials Contamination or arise out of or result from the environmental condition of the Mortgaged Property or the applicability of any Governmental Requirements relating to Hazardous Materials (including, without limitation, CERCLA or any so-called federal, state or local "Superfund" or "Superlien" laws, statute, law, ordinance, code, rule, regulation, order or decree), regardless of whether or not caused by or within the control of Mortgagor or Mortgagee. The representations, covenants, warranties and indemnification contained in this Article 9 shall survive the release of this Mortgage.

9.6 Mortgagee's Right to Remove Hazardous Materials. Mortgagee shall have the right but not the obligation, without in any way limiting Mortgagee's other rights and remedies under this Mortgage, to enter onto the Mortgaged Property or to take such other actions as it deems necessary or advisable to clean up, remove, resolve or minimize the impact of, or otherwise deal with, any Hazardous Materials or Hazardous Materials Contamination on the Mortgaged Property following receipt of any notice from any person or entity asserting the existence of any Hazardous Materials or Hazardous Materials Contamination pertaining to the Mortgaged Property or any part thereof which, if true, could result in an order, notice, suit, imposition of a lien on the Mortgaged Property or other action and/or which, in Mortgagee's sole opinion, could jeopardize Mortgagee's security under this Mortgage. All

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reasonable costs and expenses paid or incurred by Mortgagee in the exercise of any such rights shall be Indebtedness secured by this Mortgage and shall be payable by Mortgagor upon demand.

DATED AND EFFECTIVE AS OF the date first set forth above.

Signed, sealed and delivered in the presence of:

AMBASSADOR HOMES, INC.,
a Florida corporation

William E. Blyler

By:

Stanley Rosen

William E. Blyler
(Print Name of Witness)

Its PRESIDENT

Nancy R. Webber

Nancy R. Webber
(Print Name of Witness)

STATE OF FLORIDA

COUNTY OF BROWARD

§
§
§

The foregoing instrument was acknowledged before me this 23rd day of November, 1988, by Stanley Rosen a President of AMBASSADOR HOMES, INC., a Florida corporation, on behalf of the corporation.

(S E A L)

My Commission Expires:

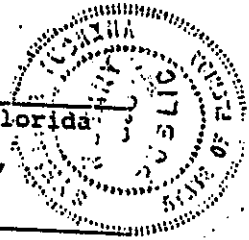
NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP SEPT 18, 1989
BONDED THRU GENERAL INS. UND.

Stella A. Kuchina

Notary Public, State of Florida

Print Name of Notary

STELLA A. KUCHINA



BK15982P60679

ARTICLES OF INCORPORATION
OF
ROYAL LAND EAST HOMEOWNERS' ASSOCIATION, INC.
(A Florida Corporation Not-for-Profit)

FILED
MAR 10 1962
TALLAHASSEE, FLORIDA

The undersigned incorporator, for the purpose of forming a corporation not-for-profit pursuant to the laws of the State of Florida, Florida Statutes, Chapter 617, hereby adopts the following Articles of Incorporation:

PREAMBLE

Ambassador Homes, Inc. ("DECLARANT"), owns certain property in Broward County, Florida, and is the contract vendee of certain property in Broward County, Florida (collectively the "SUBJECT PROPERTY"), and intends to execute and record a Declaration of Covenants and Restrictions of Royal Land East (the "DECLARATION"), which will affect all of the SUBJECT PROPERTY. This association is being formed as the association to administer the DECLARATION, and to perform the duties and exercise the powers pursuant to the DECLARATION, as and when the DECLARATION is recorded in the Public Records of Broward County, Florida, with these Articles of Incorporation attached as an exhibit. All of the definitions contained in the DECLARATION shall apply to these Articles of Incorporation, and to the Bylaws of the Association.

ARTICLE I - NAME

The name of the corporation is ROYAL LAND EAST HOMEOWNERS' ASSOCIATION, INC., a Florida corporation not-for-profit, hereinafter referred to as the "ASSOCIATION."

ARTICLE II - PURPOSE

The purposes for which the ASSOCIATION is organized are as follows:

1. To operate as a corporation not-for-profit pursuant to Chapter 617 of the Florida Statutes.
2. To enforce and exercise the duties of the ASSOCIATION as provided in the DECLARATION.
3. To promote the health, safety, welfare, comfort, and social and economic benefit of the members of the ASSOCIATION.

ARTICLE III - POWERS AND DUTIES

The ASSOCIATION shall have the following powers and duties:

1. All of the common law and statutory powers of a corporation not-for-profit under the laws of the State of Florida.
2. To administer, enforce, carry out and perform all of the acts, functions, rights and duties provided in, or contemplated by, the DECLARATION, including but not limited to, the following:

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2.1 To own, purchase, sell, mortgage, encumber, lease, administer, manage, operate, maintain, improve, repair and/or replace real and personal property.

2.2 To make and collect ASSESSMENTS against OWNERS to defray the costs, expenses and losses incurred or to be incurred by the ASSOCIATION, and to use the proceeds thereof in the exercise of the ASSOCIATION's powers and duties.

2.3 To enforce the provisions of the DECLARATION, these ARTICLES, and the BYLAWS.

2.4 To make, establish and enforce reasonable rules and regulations governing the use of COMMON AREAS, LOTS, UNITS and other property under the jurisdiction of the ASSOCIATION.

2.5 To grant and modify easements, and to dedicate property owned by the ASSOCIATION to any public or quasi-public agency, authority or utility company for public, utility, drainage and cable television purposes.

2.6 To borrow money for the purposes of carrying out the powers and duties of the ASSOCIATION.

2.7 To exercise control over exterior alterations, additions, improvements, or changes in accordance with the terms of the DECLARATION.

2.8 To obtain insurance as provided by the DECLARATION.

2.9 To employ personnel necessary to perform the obligations, services and duties required of or to be performed by the ASSOCIATION and for proper operation of the properties for which the ASSOCIATION is responsible, or to contract with others for the performance of such obligations, services and/or duties.

2.10 To sue and be sued.

2.11 To operate and maintain the surface water management system for the SUBJECT PROPERTY as permitted by the Sunshine Water Control District, including all lakes, retention areas, culverts and related appurtenances, as may be applicable.

ARTICLE IV - MEMBERS

1. The members of the ASSOCIATION shall consist of all of the record owners of LOTS. Membership shall be established as to each LOT upon the recording of the DECLARATION. Upon the transfer of ownership of fee title to, or fee interest in, a LOT, whether by conveyance, devise, judicial decree, foreclosure, or otherwise, and upon the recordation amongst the public records in the county in which the SUBJECT PROPERTY is located of the deed or other instrument establishing the acquisition and designating the LOT affected thereby, the new OWNER designated in such deed or other instrument shall thereupon become a member of the ASSOCIATION, and the membership of the prior OWNER as to the LOT designated shall be terminated, provided, however, that the ASSOCIATION shall not have the responsibility or obligation of recognizing any such change in membership until it has been delivered a true copy of the applicable deed or other instrument, or is otherwise informed of the transfer of ownership of the LOT. Prior to the recording of the DECLARATION, the incorporator shall be the sole member of the ASSOCIATION.

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2. The share of each member in the funds and assets of the ASSOCIATION, and the COMMON SURPLUS, and any membership in this ASSOCIATION, cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the LOT for which that membership is established.

3. On all matters upon which the membership shall be entitled to vote, there shall be only one vote for each LOT. In the event any LOT is owned by more than one person and/or entity, the vote for such LOT shall be cast in the manner provided by the BYLAWS. Any person or entity owning more than one LOT shall be entitled to one vote for each LOT owned.

4. The BYLAWS shall provide for an annual meeting of the members of the ASSOCIATION and shall make provision for special meetings.

ARTICLE V - TERM OF EXISTENCE

The ASSOCIATION shall have perpetual existence.

ARTICLE VI - INCORPORATOR

The name and street address of the incorporator is:
William E. Blyler, Esq., 9900 W. Sample Road, Suite 404, Coral Springs, Florida 33065.

ARTICLE VII - DIRECTORS

1. The property, business and affairs of the ASSOCIATION shall be managed by a BOARD which shall consist of not less than three (3) directors, and which shall always be an odd number. The BYLAWS may provide for a method of determining the number of directors from time to time. In the absence of a determination as to the number of directors, the BOARD shall consist of three (3) directors. Directors are not required to be members of the ASSOCIATION.

2. All of the duties and powers of the ASSOCIATION existing under the DECLARATION, these ARTICLES and the BYLAWS shall be exercised exclusively by the BOARD, its agents, contractors or employees, subject to approval by the members only when specifically required.

3. The DECLARANT shall have the right to appoint all of the directors until DECLARANT has conveyed 75% of all of the LOTS within the SUBJECT PROPERTY, or until five (5) years after the DECLARATION is recorded in the public records in the county in which the SUBJECT PROPERTY is located, whichever occurs first, and thereafter shall have the right to appoint a majority of the directors so long as the DECLARANT owns any LOT. The DECLARANT may waive its right to elect one or more directors by written notice to the ASSOCIATION, and thereafter such directors shall be elected by the members. When the DECLARANT no longer owns any LOT within the SUBJECT PROPERTY, all of the directors shall be elected by the members in the manner provided in the BYLAWS.

4. Directors may be removed and vacancies on the BOARD shall be filled in the manner provided by the BYLAWS; however, any DIRECTOR appointed by the DECLARANT may only be removed by the DECLARANT, and any vacancy on the BOARD shall be appointed by the DECLARANT if, at the time such vacancy is to be filled, the DECLARANT is entitled to appoint the directors.

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5. The names and addresses of the initial directors, who shall hold office until their successors are appointed or elected, are as follows:

Stephen Beyer
8201 N. University Drive
Tamarac, Florida 33321

Ronald Blum
2929 University Drive
Suite "J"
Coral Springs, Florida 33065

Thomas Gepfrich
2929 University Drive
Suite "J"
Coral Springs, Florida 33065

ARTICLE VIII - OFFICERS

The officers of the ASSOCIATION shall be a president, vice president, secretary, treasurer and such other officers as the BOARD may from time to time by resolution create. The officers shall serve at the pleasure of the BOARD, and the BYLAWS may provide for the removal from office of officers, for filling vacancies, and for the duties of the officers. The names of the officers who shall serve until their successors are designated by the BOARD are as follows:

President:	Stephen Beyer
Vice President:	Ronald Blum
Secretary/Treasurer:	Thomas Gepfrich

ARTICLE IX - INDEMNIFICATION

1. The ASSOCIATION shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the ASSOCIATION) by reason of the fact that he is or was a director, employee, officer or agent of the ASSOCIATION, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the ASSOCIATION; and with respect to any criminal action or proceeding, if he had no reasonable cause to believe his conduct was unlawful; except that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or willful misfeasance or malfeasance in the performance of his duties to the ASSOCIATION unless and only to the extent that the court in which the action or suit was brought shall determine, upon application, that despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper. 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, in and 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 interest of the ASSOCIATION; and with respect to any criminal action or proceeding, that he had no reasonable cause to believe that his conduct was unlawful.

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2. To the extent that a director, officer, employee or agent of the ASSOCIATION has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Paragraph 1 above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees and appellate attorneys' fees) actually and reasonably incurred by him in connection therewith.

3. 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 such action, suit or proceeding as authorized by the BOARD in the specific case upon receipt of an undertaking by or on behalf of the directors, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the ASSOCIATION as authorized herein.

4. The indemnification provided herein shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the laws of the State of Florida, any BYLAW, agreement, vote of members or otherwise, and as to action taken in an official capacity while holding office, shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

5. 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, or is or was serving at the request of the ASSOCIATION as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, as 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 X - BYLAWS

The first BYLAWS shall be adopted by the BOARD and may be altered, amended or rescinded by the DECLARANT, the Directors and/or members in the manner provided by the BYLAWS.

ARTICLE XI - AMENDMENTS

Amendments to these ARTICLES shall be proposed and adopted in the following manner:

1. A majority of the BOARD shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of the members, which may be the annual or a special meeting.

2. Written notice setting forth the proposed amendment or a summary of the changes to be effected thereby shall be given to each member entitled to vote thereon within the time and in the manner provided in the BYLAWS for the giving of notice of a meeting of the members. If the meeting is an annual meeting, the proposed amendment or such summary may be included in the notice of such annual meeting.

3. At such meeting, a vote of the members entitled to vote thereon shall be taken on the proposed amendment. The proposed amendment shall be adopted upon receiving the affirmative vote of a majority of the votes of the entire membership of the ASSOCIATION.
4. Any number of amendments may be submitted to the members and voted upon by them at any one meeting.
5. If all of the directors and all of the members eligible to vote sign a written statement manifesting their intention that an amendment to these ARTICLES be adopted, then the amendment shall thereby be adopted as though the above requirements had been satisfied.
6. No amendment shall make any changes in the qualifications for membership nor in the voting rights of members without approval by all of the members and the joinder of all INSTITUTIONAL LENDERS holding mortgages upon the LOTS. No amendment shall be made that is in conflict with the DECLARATION. Prior to the closing date of the sale of all LOTS within the SUBJECT PROPERTY, no amendment shall make any changes which would in any way affect any of the rights, privileges, powers or options herein provided in favor of, or reserved to, the DECLARANT, unless the DECLARANT shall join in the execution of the amendment, including, but not limited to, any right of the DECLARANT to appoint directors pursuant to Article VII. In addition, so long as DECLARANT owns any portion of the SUBJECT PROPERTY, these ARTICLES may be amended from time to time by DECLARANT without the consent of the ASSOCIATION or any OWNER. No amendment shall make any changes which would in any way affect any of the rights, privileges, powers or options provided in favor of, or reserved to BUCKHEAD, unless BUCKHEAD joins in the execution of the amendment. No amendment shall be contrary to the terms and provisions of the MASTER DECLARATION or adversely affect same unless the MASTER ASSOCIATION joins in the execution of the Amendment. As long as THE LOMAS & NETTLETON CO., a Connecticut corporation, and/or LOMAS MORTGAGE USA, INC., a Connecticut corporation, and/or any related or affiliated company or other entity of any of same, hold a mortgage or mortgages on any portion of the SUBJECT PROPERTY, these ARTICLES cannot be amended without the consent of THE LOMAS & NETTLETON CO., LOMAS MORTGAGE USA, INC., and/or such related or affiliated company or other entity as applicable.
7. No amendment to these ARTICLES shall be made which discriminates against any OWNER(s) or affects less than all of the OWNERS within the SUBJECT PROPERTY, without the written approval of all of the OWNERS so discriminated against or affected.
8. Upon the approval of an amendment to these ARTICLES, the articles of amendment shall be executed and delivered to the Department of State as provided by law, and a copy certified by the Department of State shall be recorded in the public records of the county in which the SUBJECT PROPERTY is located.

BK 1987PC 154

ARTICLE XII - DISSOLUTION


In the event of dissolution or final liquidation of the ASSOCIATION, the assets, both real and personal, of the ASSOCIATION, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as practicable the same as those to which they were required to be

devoted by the ASSOCIATION. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization, to be devoted to purposes as nearly as practicable to the same as those to which they were required to be devoted by the ASSOCIATION. No such disposition of ASSOCIATION properties shall be effective to divest or diminish any right or title of any MEMBER vested in him under the recorded DECLARATION unless made in accordance with the provisions of such DECLARATION. The ASSOCIATION shall not be dissolved without the approval of the MASTER ASSOCIATION.

ARTICLE XIII - INITIAL REGISTERED OFFICE
ADDRESS AND NAME OF REGISTERED AGENT

The initial registered office of the ASSOCIATION shall be at 9900 West Sample Road, Suite 404, Coral Springs, Florida 33065. The initial Registered Agent of the ASSOCIATION at that address is William E. Blyler.

WHEREFORE, the Incorporator and the initial Registered Agent have executed these ARTICLES on this 7th day of November, 1988.



WILLIAM E. BLYLER
Incorporator and Registered Agent

FILED
NOV 8 11:02
BROWARD COUNTY

STATE OF FLORIDA)
COUNTY OF BROWARD)

The foregoing instrument was acknowledged before me this 7th day of November, 1988, by WILLIAM E. BLYLER, as Incorporator and as Registered Agent.



Notary Public

My commission expires: _____

NOTARY PUBLIC STATE OF FLORIDA
BY COMMISSION EXP. MAR 14, 1991
BONDED THRU GENERAL INS. UND.

BK 15987PG 155

BYLAWS

OF

ROYAL LAND EAST HOMEOWNERS ASSOCIATION, INC.,
A Florida Corporation Not-For-Profit

1. GENERAL PROVISIONS.

1.1. Identity. These are the BYLAWS of ROYAL LAND EAST HOMEOWNERS ASSOCIATION, INC., a Florida corporation not-for-profit, hereinafter referred to as the "ASSOCIATION," a corporation not-for-profit formed under the laws of the State of Florida. The ASSOCIATION has been organized for the purposes stated in the ARTICLES and shall have all of the powers provided in these BYLAWS, the ARTICLES, the DECLARATION, and any statute or law of the State of Florida, or any other power incident to any of the above powers.

1.2. Principal Office. The principal office of the ASSOCIATION shall be at such place as the BOARD may determine from time to time.

1.3. Fiscal Year. The fiscal year of the ASSOCIATION shall be the calendar year.

1.4. Seal. The seal of the ASSOCIATION shall have inscribed upon it the name of the ASSOCIATION, the year of its incorporation and the words "Corporation Not-for-Profit." The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed or otherwise reproduced upon any instrument or document executed in the name of the ASSOCIATION.

1.5. Inspection of Books and Records. The books and records of the ASSOCIATION shall be open to inspection by all OWNERS or their authorized representatives, and all holders, insurers or guarantors of any first mortgage encumbering a LOT. Such records of the ASSOCIATION shall include current copies of the DECLARATION, ARTICLES and BYLAWS, and any amendments thereto, any contracts entered into by the ASSOCIATION, and the books, records and financial statements of the ASSOCIATION. The ASSOCIATION shall be required to make available to prospective purchasers of LOTS current copies of the DECLARATION, ARTICLES and BYLAWS, and the most recent annual financial statement of the ASSOCIATION. Notwithstanding the foregoing, any inspection of any books or records of the ASSOCIATION will only be permitted upon reasonable notice, during normal business hours or under reasonable circumstances, and must be for a proper purpose which is reasonably related to an interest that the person making the inspection has or may have in the ASSOCIATION.

1.6. Definitions. Unless the context otherwise requires, all terms used in these BYLAWS shall have the same meaning as are attributed to them in the ARTICLES, and the DECLARATION.

2. MEMBERSHIP IN GENERAL.

2.1. Qualification. Pursuant to the ARTICLES, all of the record owners of LOTS shall be members of the ASSOCIATION. Membership for each LOT shall be established upon the recording of the DECLARATION. Prior to the recording of the DECLARATION, the incorporator shall be the sole member of the ASSOCIATION, but its membership shall terminate upon the recording of the DECLARATION, unless it owns any LOT(S).

2.2. Changes in Membership. The transfer of the ownership of any LOT, either voluntarily or by operation of law, shall automatically terminate the membership of the prior owner, and the transferee or new owner shall automatically become a member of the ASSOCIATION. It shall be the responsibility of any such transferor and transferee of a LOT to notify the ASSOCIATION of any change in the ownership of any LOT, and the corresponding change in any membership, by delivering to the ASSOCIATION a copy of the deed or other instrument of conveyance which establishes a transfer of ownership. In the absence of such notification, the ASSOCIATION shall not be obligated to recognize any change in membership or ownership of a LOT for purposes of notice, voting, ASSESSMENTS, or for any other purpose.

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2.3. Member Register. The secretary of the ASSOCIATION shall maintain a register in the office of the ASSOCIATION showing the names and addresses of the members of the ASSOCIATION. It shall be the obligation of each member of the ASSOCIATION to advise the secretary of any change of address of the member, or of the change of ownership of the member's LOT, as set forth above. Any member who mortgages his LOT shall notify the ASSOCIATION of the name and address of his mortgagee. Any member who satisfies the mortgage encumbering his LOT shall also notify the ASSOCIATION thereof, and shall file a copy of the satisfaction of mortgage with the ASSOCIATION. The names and addresses of any such mortgagee shall also be maintained in the member register.

3. MEMBERSHIP VOTING.

3.1. Voting Rights. There shall be one vote for each LOT. In the event any LOT is owned by more than one person, or is owned by a person other than an individual, the vote for such LOT shall be cast as set forth below, and votes shall not be divisible. In the event any member owns more than one LOT, the member shall be entitled to one vote for each such LOT.

3.2. Majority Vote and Quorum Requirements. The acts approved by a majority of the votes present in person or by proxy at a meeting at which a quorum is present shall be binding upon all members and OWNERS for all purposes, except where otherwise provided by law, in the DECLARATION, in the ARTICLES, or in the BYLAWS. Unless otherwise so provided, at any regular or special meeting, the presence in person or by proxy of persons entitled to cast the votes for one-third of the LOTS shall constitute a quorum.

3.3 Determination as to Voting Rights.

3.3.1. In the event any LOT is owned by one person, his right to cast the vote for the LOT shall be established by the record title to his LOT.

3.3.2. In the event any LOT is owned by more than one person or by an entity, the vote for the LOT may be cast at any meeting by any co-owner of the LOT provided, however, that in the event a dispute arises between the co-owners as to how the vote for the LOT shall be cast, or in the event the co-owners are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to cast the vote for the LOT on the matter being voted upon at that meeting, but their membership shall be counted for purposes of determining the existence of a quorum. For purposes of this paragraph, the principals or partners of any entity (other than a corporation) owning a LOT shall be deemed co-owners of the LOT, and the directors and officers of a corporation owning a LOT shall be deemed co-owners of the LOT.

3.3.3. Proxies. Every member entitled to vote at a meeting of the members, or to express consent or dissent without a meeting, may authorize another person or persons to act on the member's behalf by a proxy signed by such member or his attorney-in-fact. Any proxy shall be delivered to the secretary of the meeting at or prior to the time designated in the order of business for delivering proxies. Any proxy shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. In no event shall any proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the member executing it. Every proxy shall specifically set forth the name of the person voting by proxy, and the name of the person authorized to vote the proxy for him. Every proxy shall contain the date, time, and place of the meeting for which the proxy is given; and if a limited proxy, shall set forth those items which the proxy holder may vote, and the manner in which the vote is to be cast.

4. MEMBERSHIP MEETINGS.

4.1. Who May Attend. In the event any LOT is owned by more than one person, all co-owners of the LOT may attend any meeting of the members. In the event any LOT is owned by a corporation, any director or officer of the corporation may attend any meeting of the members. However, the vote for any LOT shall be cast in accordance with the provisions of Paragraph 3 above. INSTITUTIONAL LENDERS have the right to attend all members meetings.

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4.2. Place. All meetings of the members shall be held at the principal office of the ASSOCIATION or at such other place and at such time as shall be designated by the BOARD and stated in the notice of meeting.

4.3. Notices. Written notice stating the place, day and hour of any meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by first-class mail or personal delivery to each member entitled to vote at such meeting not less than 10 nor more than 60 days before the date of the meeting, either personally or by first-class mail, by or at the direction of the president, the secretary or the officer or persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears in the records of the ASSOCIATION, with postage thereon pre-paid. For the purpose of determining members entitled to notice of, or to vote at, any meeting of the members of the ASSOCIATION, or in order to make a determination of the members for any other purpose, the BOARD shall be entitled to rely upon the member register as same exists ten (10) days prior to the giving of the notice of any meeting, and the BOARD shall not be required to take into account any changes in membership occurring after that date but may, in their sole and absolute discretion, do so. Notwithstanding the foregoing, if a LOT is owned by more than one person or by an entity, only one (1) notice shall be required to be given with respect to the LOT, which may be given to any co-owner as defined in Paragraph 3.3.2 of these BYLAWS. Notice to any member or co-owner shall be sent to the LOT of such member or co-owner, unless the LOT OWNER(S) of the LOT otherwise request.

4.4. Waiver of Notice. Whenever any notice is required to be given to any member under the provisions of the ARTICLES or these BYLAWS, or as otherwise provided by law, a waiver thereof in writing signed by the person or persons entitled to such a notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a member at a meeting shall constitute a waiver of notice of such meeting, except when the member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

4.5. Annual Meeting. The annual meeting for the purpose of electing directors and transacting any other business shall be held once each year at a time and place to be determined by the BOARD and as is contained in the notice of such meeting. However, so long as DECLARANT is entitled to appoint a majority of the directors of the ASSOCIATION, no annual meetings will be required.

4.6. Special Meetings. Special meetings of the members may be called at any time by any director, the president, or at the request, in writing, by not less than 25% of the members, or as otherwise provided by law. Such request shall state the purpose of the proposed meeting. Business transacted at all special meetings shall be confined to the subjects stated in the notice of meeting. Notice of any special meeting shall be given by the secretary, or other officers of the ASSOCIATION, to all of the members within thirty (30) days after the same is duly called, and the meeting shall be held within forty-five (45) days after the same is duly called.

4.7. Adjournments. Any meeting may be adjourned or continued by a majority vote of the members present in person or by proxy and entitled to vote, or if no member entitled to vote is present, then any officer of the ASSOCIATION may adjourn the meeting from time to time. If any meeting is adjourned or continued to another time or place, it shall not be necessary to give any notice of the adjourned meeting, if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and any business may be transacted at the adjourned meeting that might have been transacted at the original meeting. If the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, notice of the adjourned meeting may be given to members not present at the original meeting, without giving notice to the members which were present at such meeting.

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4.8. Organization. At each meeting of the members, the president, the vice president, or any person chosen by a majority of the members present, in that order, shall act as chairman of the meeting. The secretary, or in his absence or inability to act, any person appointed by the chairman of the meeting, shall act as secretary of the meeting.

4.9. Order of Business. The order of business at the annual meetings of the members shall be:

- 4.9.1. Determination of chairman of the meeting;
- 4.9.2. Calling of the roll and certifying of proxies;
- 4.9.3. Proof of notice of meeting or waiver of notice;
- 4.9.4. Reading and disposal of any unapproved minutes;
- 4.9.5. Reports of directors, officers or committees;
- 4.9.6. Nomination and election of inspectors of election;
- 4.9.7. Determination of number of directors;
- 4.9.8. Election of directors;
- 4.9.9. Unfinished business;
- 4.9.10. New business; and
- 4.9.11. Adjournment.

4.10. Minutes. The minutes of all meetings of the members shall be kept in a book available for inspection by the members or their authorized representatives, and the directors, upon reasonable notice, during reasonable times, for a proper purpose. The ASSOCIATION shall retain these minutes for a period of not less than seven (7) years.

4.11. Actions Without a Meeting. Any action required or permitted to be taken at any annual or special meeting of the members of the ASSOCIATION, may be taken without a meeting, without proper notice, and without a vote if a consent in writing, setting forth the action so taken, shall be signed by the members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voted. Within ten (10) days after obtaining such authorization by written consent, notice shall be given to those members who have not consented in writing. The notice shall fairly summarize the material features of the authorized action. If a LOT is owned by more than one person or by a corporation, the consent for such LOT need only be signed by one person who would be entitled to cast the vote for the LOT as a co-owner pursuant to Paragraph 3.3.2 of these BYLAWS.

5. DIRECTORS.

5.1. Membership.

5.1.1. The affairs of the ASSOCIATION shall be managed by a BOARD of not less than three (3) nor more than nine (9) directors. So long as the DECLARANT is entitled to appoint any director pursuant to the ARTICLES, the number of directors will be determined, and may be changed from time to time, by the DECLARANT by written notice to the BOARD. After the DECLARANT is no longer entitled to appoint any director, the number of directors may be changed at any meeting where the members are to elect any directors (i) by the then existing BOARD, if prior to such meeting of the members the BOARD votes to change the number of directors and such change is indicated in the notice of the meeting sent to the members, or (ii) by the members at the meeting prior to the election of directors. If the number of directors on the BOARD is not changed, then the number of directors shall be the same as the number on the BOARD prior to such meeting (plus any unfilled vacancies created by the death, resignation or removal of a director). In any event there shall always be an odd number of directors.

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5.2. Election of Directors by Members. Election of directors to be elected by the members of the ASSOCIATION shall be conducted in the following manner:

5.2.1. Within sixty (60) days after the members other than the DECLARANT are entitled to elect any directors, as provided in the ARTICLES, or within sixty (60) days after the DECLARANT notifies the ASSOCIATION that it waives its right to appoint one or more directors, the ASSOCIATION shall call, and give not less than thirty (30) days nor more than forty-five (45) days notice of, a special meeting of the members to elect any directors the members are then entitled to elect, or to replace the appropriate number of directors previously appointed by the DECLARANT. Such special meeting may be called and the notice given by any member if the ASSOCIATION fails to do so. At such special meeting the members shall be required to elect any directors which they are entitled to elect, and if they fail to do so any directors appointed by DECLARANT which would have been replaced by any directors elected by the members may resign without further liability or obligation to the ASSOCIATION. In the event such a special meeting is called and held, at the meeting the members may elect not to hold the next annual meeting of the members if such next annual meeting would be less than four (4) months after the date of the special meeting, and upon such election the next annual meeting of the members shall not be held.

5.2.2. Except as provided above, the members shall elect directors at the annual members' meetings.

5.2.3. Prior to any special or annual meeting at which directors are to be elected by the members, the existing BOARD may nominate a committee, which committee shall nominate one person for each director to be elected by the members, on the basis that the number of directors to serve on the BOARD will not be altered by the members at the members' meeting. Nominations for additional directorship created at the meeting shall be made from the floor, and other nominations may be made from the floor.

5.2.4. The election of directors by the members shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast, each member voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

5.3. Term of Office. All directors elected by the members shall hold office until the next annual meeting of the members and until their successors are duly elected, or until such director's death, resignation or removal, as hereinafter provided or as otherwise provided by statute or by the ARTICLES.

5.4. Organizational Meeting. The newly elected BOARD shall meet for the purposes of organization, the election of officers and the transaction of other business immediately after their election or within ten (10) days of same at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

5.5. Regular Meetings. Regular meetings of the BOARD may be held at such time and place as shall be determined, from time to time, by a majority of the directors. During the period when DECLARANT appoints a majority of the Directors, no regular meetings of the BOARD will be required.

5.6. Special Meetings. Special meetings of the BOARD may be called by any director, or by the president, at any time.

5.7. Notice of Meetings. Notice of each meeting of the BOARD shall be given by the secretary, or by any other officer or director, which notice shall state the day, place and hour of the meeting. Notice of such meeting shall be delivered to each director either personally or by telephone or telegraph, at least 48 hours before the time at which such meeting is to be held, or by first class mail, postage prepaid, addressed to such director at his residence, or usual place of business, at least three (3) days before the day on which such meeting is to be held. Notice of a meeting of the BOARD need not be given to any director who signs a waiver of notice either before or after the meeting. Attendance of a director at a meeting shall constitute

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a waiver of notice of such meeting and a waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a director states, at the beginning of the meeting, an objection to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the BOARD need to be specified in any notice or waiver of notice of such meeting.

5.8. Quorum and Manner of Acting. A majority of the directors determined in the manner provided in these BYLAWS shall constitute a quorum for the transaction of any business at a meeting of the BOARD. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the BOARD, unless the act of a greater number of directors is required by statute, the DECLARATION, the ARTICLES, or by these BYLAWS. A director may join by written concurrence in any action taken at a meeting of the BOARD but such concurrence may not be used for the purposes of creating a quorum.

5.9. Adjourned Meetings. A majority of the directors present at a meeting, whether or not a quorum exists, may adjourn any meeting of the BOARD to another place and time. Notice of any such adjourned meeting shall be given to the directors who are not present at the time of the adjournment, and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other directors. At any adjourned meeting any business that might have been transacted at the meeting as originally called may be transacted without further notice.

5.10. Presiding Officer. The presiding officer of the BOARD meetings shall be the chairman of the BOARD if such an officer is elected; and if none, the president of the ASSOCIATION shall preside. In the absence of the presiding officer, the directors shall designate one of their members to preside.

5.11. Order of Business. The order of business at a BOARD meeting shall be:

- 5.11.1. Calling of roll;
- 5.11.2. Proof of due notice of meeting;
- 5.11.3. Reading and disposal of any unapproved minutes;
- 5.11.4. Reports of officers and committees;
- 5.11.5. Election of officers;
- 5.11.6. Unfinished business;
- 5.11.7. New business; and
- 5.11.8. Adjournment.

5.12. Minutes of Meetings. The minutes of all meetings of the BOARD shall be kept in a book available for inspection by the members of the ASSOCIATION, or their authorized representatives, and the directors, upon reasonable notice, during reasonable times, for a proper purpose. The ASSOCIATION shall retain these minutes for a period of not less than seven (7) years.

5.13. Committees. The BOARD may, by resolution duly adopted, appoint committees. Any committee shall have and may exercise such powers, duties and functions as may be determined by the BOARD from time to time, which may include any powers which may be exercised by the BOARD and which are not prohibited by law from being exercised by a committee.

5.14. Resignation. Any director may resign at any time by giving written notice of his resignation to another director or officer. Any such resignation shall take effect at the time specified therein, if the time when such resignation is to become effective is not specified therein, immediately upon its receipt, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.15. Removal of Directors. Directors may be removed as follows:

5.15.1. Any director other than a director appointed by the DECLARANT may be removed by majority vote of the remaining directors, if such director has been absent for the last three (3) consecutive BOARD meetings, and/or adjournments and continuances of such meetings.

5.15.2. Any director other than a director appointed by the DECLARANT may be removed with or without cause by the vote of a majority of the members of the ASSOCIATION at a special meeting of the members called by not less than ten percent (10%) of the members of the ASSOCIATION expressly for that purpose. The vacancy on the BOARD caused by any such removal may be filled by the members at such meeting or, if the members shall fail to fill such vacancy, by the BOARD, as in the case of any other vacancy on the BOARD.

5.16. Vacancies.

5.16.1. Vacancies in the BOARD may be filled by a majority vote of the directors then in office, though less than a quorum, or by a sole remaining director, and a director so chosen shall hold office until the next annual election and until his successor is duly elected, unless sooner displaced. If there are no directors, then a special election of the members shall be called to elect the directors. Notwithstanding anything contained herein to the contrary, the DECLARANT at all times shall have the right to appoint the maximum number of directors permitted by the ARTICLES, and any vacancies on the BOARD may be filled by the DECLARANT to the extent that the number of directors then serving on the BOARD which were appointed by the DECLARANT is less than the number of directors the DECLARANT is then entitled to appoint.

5.16.2. In the event the ASSOCIATION fails to fill vacancies on the BOARD sufficient to constitute a quorum in accordance with these BYLAWS, any LOT OWNER may apply to the Circuit Court of the County in which the SUBJECT PROPERTY is located for the appointment of a receiver to manage the affairs of the ASSOCIATION. At least thirty (30) days prior to applying to the Circuit Court, the LOT OWNER shall mail to the ASSOCIATION a notice describing the intended action giving the ASSOCIATION the opportunity to fill the vacancies. If during such time the ASSOCIATION fails to fill the vacancies, the LOT OWNER may proceed with the petition. If a receiver is appointed, the ASSOCIATION shall be responsible for the salary of the receiver, court costs, and attorneys' fees. The receiver shall have all powers and duties of a duly constituted member of the BOARD, and shall serve until the ASSOCIATION fills vacancies on the BOARD sufficient to constitute a quorum.

5.17. Directors Appointed by the DECLARANT. Notwithstanding anything contained herein to the contrary, the DECLARANT shall have the right to appoint the maximum number of directors in accordance with the privileges granted to the DECLARANT pursuant to the ARTICLES. All directors appointed by the DECLARANT shall serve at the pleasure of the DECLARANT, and the DECLARANT shall have the absolute right, at any time, and in its sole discretion, to remove any director appointed by it, and to replace such director with another person to serve on the BOARD. Replacement of any director appointed by the DECLARANT shall be made by written instrument delivered to any officer or any other director, which instrument shall specify the name of the person designated as successor director. The removal of any director and the designation of his successor by the DECLARANT shall become effective immediately upon delivery of such written instrument by the DECLARANT.

5.18. Compensation. The Directors shall not be entitled to any compensation for serving as Directors unless the members approve such compensation, provided however, the ASSOCIATION may reimburse any Director for expenses incurred on behalf of the ASSOCIATION without approval of the members.

5.19. Powers and Duties. The directors shall have the right to exercise all of the powers and duties of the ASSOCIATION, express or implied, existing under these BYLAWS, the ARTICLES, the DECLARATION, or as otherwise provided by statute or law.

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6. OFFICERS.

6.1. Members and Qualifications. The officers of the ASSOCIATION shall include a president, a vice president, a treasurer and a secretary, all of whom shall be elected by the directors and may be pre-emptively removed from office with or without cause by the directors. Any person may hold two or more offices except that the president shall not also be the secretary. The BOARD may, from time to time, elect such other officers and designate their powers and duties as the BOARD shall find to be appropriate to manage the affairs of the ASSOCIATION from time to time. Each officer shall hold office until the meeting of the BOARD following the next annual meeting of the members, or until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall have resigned, or until he shall have been removed, as provided in these BYLAWS.

6.2. Resignations. Any officer may resign at any time by giving written notice of his resignation to any director or officer. Any such resignation shall take effect at the time specified therein, or if there is no time specified therein, immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make such resignation effective.

6.3. Vacancies. A vacancy in any office, whether arising from death, resignation, removal or any other cause may be filled for the unexpired portion of the term of the office which shall be vacant in the manner prescribed in these BYLAWS for the regular election or appointment of such office.

6.4. The President. The president shall be the chief executive officer of the ASSOCIATION. He shall have all of the powers and duties which are usually vested in the office of president of an association or corporation including, but not limited to, the power to appoint committees from among the members from time to time, as he may in his discretion deem appropriate to assist in the conduct of the affairs of the ASSOCIATION.

6.5. The Vice President. The vice president shall, in the absence or disability of the president, exercise the powers and perform the duties of the president. He shall also assist the president generally and exercise such other powers and perform such other duties as may be prescribed by the directors.

6.6. The Secretary. The secretary shall prepare and keep the minutes of all proceedings of the directors and the members. He shall attend to the giving and serving of all notices to the members and directors and other notices required by law. He shall have custody of the seal of the ASSOCIATION and affix the same to instruments requiring a seal when duly executed. He shall keep the records of the ASSOCIATION, except those of the treasurer, and shall perform all other duties incident to the office of secretary of an association, and as may be required by the directors or the president.

6.7. The Treasurer. The treasurer shall have custody of all property of the ASSOCIATION, including funds, securities and evidences of indebtedness. He shall keep books of account for the ASSOCIATION in accordance with good accounting practices, which, together with substantiating papers, shall be made available to the BOARD for examination at reasonable times. He shall submit a Treasurer's Report to the BOARD at reasonable intervals and shall perform all other duties incident to the office of treasurer. He shall collect all ASSESSMENTS and shall report to the BOARD the status of collections as requested.

6.8. Compensation. The officers shall not be entitled to compensation unless the BOARD specifically votes to compensate them. However, neither this provision, nor the provision that directors will not be compensated unless otherwise determined by the members, shall preclude the BOARD from employing a director or an officer as an employee of the ASSOCIATION and compensating such employee, nor shall they preclude the ASSOCIATION from contracting with a director for the management of property subject to the jurisdiction of the ASSOCIATION, or for the provision of services to the ASSOCIATION, and in either such event to pay such director a reasonable fee for such management or provision of services.

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7. FINANCES AND ASSESSMENTS.

7.1. ASSESSMENT ROLL. The ASSOCIATION shall maintain an ASSESSMENT roll for each LOT, designating the name and current mailing address of the OWNER, the amount of each ASSESSMENT against such OWNER, the dates and amounts in which the ASSESSMENTS come due, the amounts paid upon the account of the OWNER, and the balance due.

7.2. Depositories. The funds of the ASSOCIATION shall be deposited in such banks and depositories as may be determined and approved by appropriate resolutions of the BOARD from time to time. Funds shall be withdrawn only upon checks and demands for money signed by such officers, directors or other persons as may be designated by the BOARD. Fidelity bonds as required by the DECLARATION shall be required of all signatories on any account of the ASSOCIATION.

7.3. Depositing of Payments. All sums collected by the ASSOCIATION from ASSESSMENTS may be deposited in a single fund or divided into more than one fund, as determined by the BOARD.

7.4. Accounting Records and Reports. The ASSOCIATION shall maintain accounting records according to good accounting practices. The records shall be open to inspection by OWNERS and INSTITUTIONAL LENDERS or their authorized representatives, at reasonable times. The records shall include, but not be limited to, (a) a record of all receipts and expenditures, and (b) the ASSESSMENT roll of the members referred to above. The BOARD may, and upon the vote of a majority of the members shall, conduct a review of the accounts of the ASSOCIATION by a certified public accountant, and if such a review is made, a copy of the report shall be furnished to each member, or their authorized representative, within fifteen (15) days after same is completed.

7.5. Reserves. The budget of the ASSOCIATION shall provide for a reserve fund for the periodic maintenance, repair and replacement of improvements to the COMMON AREAS and those other portions of the SUBJECT PROPERTY which the ASSOCIATION is obligated to maintain.

8. PARLIAMENTARY RULES.

8.1. Roberts' Rules of Order (latest edition) shall govern the conduct of the ASSOCIATION meetings when not in conflict with any DECLARATION, the ARTICLES or these BYLAWS.

9. AMENDMENTS.

Except as otherwise provided, these BYLAWS may be amended in the following manner:

9.1. 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 to be considered.

9.2. Initiation. A resolution to amend these BYLAWS may be proposed either by any director, or by or at the direction of twenty-five percent (25%) or more of the members of the ASSOCIATION.

9.3. Adoption of Amendments.

9.3.1. A resolution for the adoption of the proposed amendment shall be adopted by not less than a majority of the votes of the entire membership of the ASSOCIATION. Any amendment approved by the members may provide that the BOARD may not further amend, modify or repeal such amendment.

9.3.2. Notwithstanding anything contained herein to the contrary, so long as the DECLARANT owns any portion of the SUBJECT PROPERTY, the DECLARANT shall have the right to unilaterally amend these BYLAWS without the joinder or approval of the BOARD or any member and no amendment to these BYLAWS shall be effective without the written approval of the DECLARANT.

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9.4. No amendment shall make any changes in the qualification for membership nor in the voting rights or property rights of members without approval by all of the members and the joinder of all record owners of mortgages upon the LOTS. No amendment shall be made that is in conflict with the DECLARATION or the ARTICLES. Prior to the closing of the sale of all LOTS, no amendment shall make any changes which would in any way affect any of the rights, privileges, powers or options herein provided in favor of, or reserved to, the DECLARANT, unless the DECLARANT shall join in the execution of the amendment, including, but not limited to, any right of the DECLARANT to appoint directors. No amendment shall make any changes which would in any way affect any of the rights, privileges, powers or options provided in favor of, or reserved to BUCKHEAD, unless BUCKHEAD, joins in the execution of the amendment. No amendment shall be contrary to the terms and provisions of the MASTER DECLARATION or adversely affect same unless the MASTER ASSOCIATION joins in the execution of the Amendment. As long as THE LOMAS & NETTLETON FINANCIAL CORPORATION, a Delaware corporation and/or LOMAS MORTGAGE USA, INC., a Connecticut corporation and/or any related or affiliated company or other entity of any of same hold a mortgage or mortgages on any portion of the SUBJECT PROPERTY, neither these BYLAWS nor the ARTICLES can be amended without the consent of THE LOMAS & NETTLETON FINANCIAL CORPORATION, LOMAS MORTGAGE USA, INC. and/or such related or affiliated company or other entity, as applicable.

9.5. No amendment to these BYLAWS shall be made which discriminates against any OWNER(S), or affects less than all of the OWNERS without the written approval of all of the OWNERS so discriminated against or affected.

9.6. Execution and Recording. No modification of, or amendment to, the BYLAWS shall be valid until recorded in the public records of the county in which the SUBJECT PROPERTY is located.

10. MISCELLANEOUS.

10.1. Tenses and Genders. The use of any gender or of any tense in these BYLAWS shall refer to all genders or to all tenses, wherever the context so requires.

10.2. Partial Invalidity. Should any of the provisions hereof be void or become unenforceable at law or in equity, the remaining provisions shall, nevertheless, be and remain in full force and effect.

10.3. Conflicts. In the event of any conflict, the DECLARATION, the ARTICLES and these BYLAWS, shall govern, in that order.

10.4. Captions. Captions are inserted herein only as a matter of convenience and for reference, and in no way are intended to or shall define, limit or describe the scope of these BYLAWS or the intent of any provisions hereof.

10.5. Waiver of Objections. The failure of the BOARD or any officers of the ASSOCIATION to comply with any terms and provisions of the DECLARATION, the ARTICLES or these BYLAWS which relate to time limitations shall not, in and of itself, invalidate the act done or performed. Any such failure shall be waived if it is not objected to by a member of the ASSOCIATION within ten (10) days after the member is notified, or becomes aware, of the failure. Furthermore, if such failure occurs at a general or special meeting, the failure shall be waived as to all members who received notice of the meeting or appeared and failed to object to such failure at the meeting.

The foregoing was adopted as the BYLAWS of the ASSOCIATION at the First Meeting of the BOARD on the 23 day of November, 1992

By: _____

STEPHEN BEYER,

PRESIDENT

DCF-ROYAL LAND EAST 1:pc/111088.5

RECORDED IN THE OFFICIAL RECORDS BOOK
OF BROWARD COUNTY, FLORIDA

L. A. HESTER
COUNTY ADMINISTRATOR

BYLAWS - 10

BK 15987PG 165

LAND ACQUISITION LOAN AGREEMENT

By this Agreement entered into November 15, 1988, LOMAS MORTGAGE USA, INC., a Connecticut corporation ("Lender"), having an address of 2001 Bryan Street, Suite 3700, Dallas, Texas 75201, does hereby agree to lend the sum of FIVE MILLION SEVEN HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$5,750,000.00) to AMBASSADOR HOMES, INC., a Florida corporation, 8201 N. University Drive, Tamalee, Florida 33321, and Borrower does hereby agree to borrow such sum from Lender upon the terms and conditions contained herein.

I.

DEFINITIONS

For purposes of this Agreement, the terms defined in this paragraph shall have the meanings assigned to them as follows:

A. "Code" shall mean the Uniform Commercial Code as in force in the State of Florida.

B. "Debtor Relief Laws" shall mean any applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization, or similar laws affecting the rights or remedies of creditors generally, as in effect from time to time.

C. "Developed Lots" shall mean the lots, tracts or parcels of land, whether one or more, designated by lot and block on a recorded subdivision plat or map of the Property accepted by all Governmental Authorities and improved according to the Plans delivered to and approved by Lender.

D. "Event of Default" shall mean the occurrence of any one of the following:

(1) Any indebtedness arising or owing under any of the Loan Instruments is not paid within five (5) days after the date it is due, whether by acceleration or otherwise, excluding, however, the final payment of principal of and interest on the Note at maturity, as to which no grace period is applicable.

(2) Any covenant in this Agreement or any of the other Loan Instruments is not fully and timely performed, or the occurrence of any default thereunder; provided, however, as to any Event of Default not involving the payment of money or not described in subparagraphs (c), (d), (h) through (l) and (n) through (t) of this Section 1.15, such occurrence shall not constitute an Event of Default unless it continues to exist for thirty (30) days after delivery of written notice thereof from Lender to Borrower; provided, further, the foregoing thirty-day period is concurrent with and not in addition to any cure period which may be granted under any other of the Loan Instruments.

(3) Any statement, representation or warranty in the Loan Instruments, any financial statements or any other writing delivered to Lender in connection with the Loan is false, misleading or erroneous in any material respect.

11/10/88

EXHIBIT C

(4) The owner of the Property or any person obligated to pay any part of the indebtedness arising or owing under any of the Loan Instruments:

a. generally does not pay its debts as they become due or admits in writing its inability to pay its debts or makes a general assignment for the benefit of creditors; or

b. commences any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any Debtor Relief Laws; or

c. in any involuntary case, proceeding or other action commenced against it which seeks to have an order for relief entered against it, as debtor, or seeks reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, (i) fails to obtain a dismissal of such case, proceeding or other action within sixty (60) days of its commencement, or (ii) converts the case from one chapter of the Federal Bankruptcy Code to another chapter, or (iii) is the subject of an order for relief; or

d. conceals, removes, or permits to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors of any of them, or makes or suffers a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or makes any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or suffers or permits, while insolvent, any creditor to obtain a lien upon any of its property through legal proceedings which is not vacated within sixty (60) days from the date thereof; or

e. has a trustee, receiver, custodian or other similar official appointed for or take possession of all or any part of the Property or any other of its property or has any court take jurisdiction of any other of its property which continues for a period of sixty (60) days (except where a shorter period is specified in the immediately following subparagraph (f)); or

f. fails to have discharged within a period of ten (10) days any attachment, sequestration, or similar writ levied upon any property of such person; or

g. fails to pay immediately any final money judgment against such person.

(5) Title to all or any part of the Property (other than obsolete or worn personal property replaced by adequate substitutes of equal or greater value than the replaced items when new) shall become vested in any party other than the granting party named in the Mortgage, whether by operation of law or otherwise.

(6) Without the prior written consent of Lender, which consent shall not be unreasonably withheld, the owner of the Property grants any encumbrance, easement

or dedication, or files any plat, condominium declaration or restriction unless such action is contemplated by the Loan Instruments or does not affect the Property.

(7) Without the prior written consent of Lender, the owner of the Property enters into any lease of part or all of the Property.

(8) Abandonment of the Property by its owner.

(9) The holder of any lien, security interest or assignment on the Property institutes foreclosure or other proceedings for the enforcement of its remedies thereunder and such proceedings are not dismissed or the lien is not removed to the satisfaction of Lender within twenty (20) days of service of process on Borrower.

(10) An occurrence of any event or condition which results in, or with notice or lapse of time could result in, a default in the payment of any indebtedness or performance of any obligation of Borrower to Lender or Lomas Financial Corporation.

(11) The liquidation, termination, merger or dissolution, death, or legal incapacity of Borrower, or the owner of the Property if other than Borrower.

(12) If Borrower or the owner of the Property (if other than Borrower) is a corporation, the sale, pledge or assignment of any shares of its stock without the prior written consent of Lender. If Borrower or the owner of the Property (if other than Borrower) is a partnership or joint venture, any sale, pledge or assignment of its partnership or joint venture interests, or the withdrawal from or admission into it of any general partner or joint venturer, without the prior written consent of Lender.

(13) Lender determines that the physical condition of the Property has deteriorated such that Lender determines that the Property cannot be used for its contemplated purposes.

E. "Financial Statements" shall mean such balance sheets, profit and loss statements, reconciliations of capital and surplus, changes in financial condition, schedules of sources and applications of funds, operating statements with respect to the Property, and other financial information of Borrower, as shall be reasonably required by Lender, on a quarterly and annual basis, which annual statements, if required by Lender, shall be reviewed and/or audited by an independent certified public accountant.

F. "Financing Statements" shall mean those Uniform Commercial Code Financing Statements, executed by Borrower for filing with the Secretary of State of Florida and with the Circuit Court Clerk of Broward County, Florida for the perfection of the security interests created by the Mortgage.

G. "Governmental Authority" shall mean the United States, the state, the county and the city, or any other political subdivision, agency or instrumentality exercising jurisdiction over Borrower or the Property.

H. "Governmental Requirements" shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of any Governmental Authority applicable to Borrower or the Property.

I. "Hazardous Materials" shall mean (1) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. > Section 6901 et seq.), as amended from time to time, and regulations promulgated thereunder; (2) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.), as amended from time to time, and regulations promulgated thereunder; (3) asbestos; (4) polychlorinated biphenyls; (5) any substance, the presence of which on the Property is prohibited by any governmental requirements; (6) any petroleum-based products; (7) underground storage tanks; and (8) any other substance which by any governmental requirements requires special handling in its collection, storage, treatment or disposal.

J. "Hazardous Materials Contamination" shall mean the contamination (whether presently existing or hereafter occurring) of the soil, groundwater, air or other elements on or of the Property by Hazardous Materials, or the contamination of the soil, groundwater, air or other elements on or of any other property as a result of Hazardous Materials at any time (whether before or after the date of this Agreement) emanating from the Property.

K. "Governmental Requirements" shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of any Governmental Authority applicable to Borrower or the Property.

L. "Loan" shall mean the \$5,750,000.00 loan to be made by Lender to Borrower pursuant to this Agreement.

M. "Loan Finance Charge" shall mean the \$86,250.00 charge by Lender to Borrower for making of the Loan.

N. "Loan Instruments" shall mean this Agreement, the Note, the Mortgage, the Security Agreement and any other instruments or documents evidencing, governing, securing or otherwise pertaining to the Loan.

O. "Mortgage" shall mean that Mortgage (With Security Agreement and Assignment of Rents and Leases) encumbering the Property, dated of even date herewith and securing Lender in the payment of the indebtedness described therein.

P. "Note" shall mean the Promissory Note dated of even date herewith, executed by Borrower, and evidencing the indebtedness under the Loan.

Q. "Property" shall mean the real property described in Exhibit A attached hereto and incorporated herein by reference, together with all improvements thereon and all other property constituting the "Mortgaged Property," as described in the Mortgage and the personal property described in the Security Agreement.

R. "Sales Contracts" shall mean any contracts pertaining to the sale, transfer, conveyance or disposition of any Developed Lot by Borrower to a third-party purchaser.

S. "Security Agreement" shall mean the Security Agreement executed by Borrower, as Debtor, and Lender, as Secured Party.

T. "Title Insurance Policy" shall mean an ALTA Loan Policy, in the amount of the Loan, in the standard form promulgated by the American Land Title Association, insuring that the Mortgage constitutes a valid first lien on the Property subject only to those exceptions and containing such endorsements which Lender may approve, and issued by The Title Company.

U. "Insurance Policies" shall mean:

(1) Comprehensive General Liability Insurance for owners and contractors, including blanket contractual liability, personal injury (including employees), independent contractors, explosion, collapse and underground hazards for not less than \$1,000,000 arising out of any occurrence or in any increased amount required by Lender; and

(2) Such other insurance as Lender may reasonably require in connection with the development and ownership of the Property.

Borrower (or other parties named above) shall maintain the existence of all Insurance Policies until such time as no further obligations remain outstanding under the Loan or this Loan Agreement, and all such Insurance Policies shall (a) be issued by companies and in form and substance satisfactory to Lender; (b) have loss made payable to Lender as mortgagee together with the standard mortgage clause in the form acceptable to Lender; and (c) have a provision giving Lender thirty (30) days prior written notice of cancellation or material change of the coverage.

II.

PURPOSE

The Loan has been requested by Borrower for the purpose of financing Borrower's purchase of the Property. The Loan is for business, commercial, investment or other similar purposes, and none of the proceeds of the Loan shall be used for personal, consumer or household use. The proceeds of the Loan are to be fully disbursed upon the execution and delivery to Lender of the Loan Instruments and compliance with the terms hereof. The entire proceeds of the Loan, to the extent sufficient, are to be used to pay for the acquisition costs of the Property and all other costs related thereto, including, without limitation, closing costs, transfer taxes, legal fees, loan finance charges, interest and any other costs from time to time arising in connection with the Property and the Loan are to be paid in cash by Borrower from sources other than the Loan.

III.

CONDITIONS TO DISBURSEMENT

Prior to or at the time of the initial advance to Borrower of Loan proceeds, Borrower shall deliver to Lender, and where appropriate execute and acknowledge, the following, all in form and substance satisfactory to Lender:

- A. The Loan Finance Charge.
- B. This Agreement.
- C. The Note.
- D. The Security Agreement.
- E. The Mortgage.
- F. The Financing Statements.

G. A copy of (i) the purchase contract for Borrower's purchase of the Property and any amendments thereto, (the "Purchase Agreement") (ii) the deed conveying title to the Property to Borrower and, (iii) a non-foreign affidavit executed by the seller of the Property.

H. Articles of Incorporation of Borrower certified by the Florida Secretary of State, together with a certificate of good standing issued by the appropriate officer of the State of Florida, bylaws of Borrower certified by the corporate secretary or assistant secretary of such corporation, and resolutions of the board of directors of Borrower authorizing Borrower's execution and delivery of the Loan Instruments, except for the Guaranty, certified by the corporate secretary or assistant secretary of Borrower.

I. A legal opinion of Borrower's legal counsel confirming its authority to execute the documents required by this Agreement, confirming the validity and binding effect of such documents, confirming that neither the Loan nor any of the financing arrangements contemplated by this Agreement violate the usury laws of the State of Florida, or any other applicable jurisdiction, and covering such other matters as Lender may require.

J. Commitment for Title Insurance issued by Title Company agreeing to issue the Title Insurance Policy.

K. Copies of all easements, restrictions, covenants and other documents listed in the Commitment for Title Insurance affecting title to the Property.

L. An insured closing services letter covering the attorney or law firm which closes the Loan.

M. The Title Insurance Policy.

N. A copy of the recorded Plat of the Property.

O. A the survey, which shall show whether any portion of the Property is in the flood plain.

P. Evidence that the Property is zoned to permit the construction of single-family residences.

Q. Evidence of liability insurance covering the Property.

R. A copy of Borrower's Closing Statement.

S. Evidence that water, sewer, electrical, and telephone utilities are available to the Property.

T. Tax or assessment certificates or other similar evidence of payment from all authorities which have taxing or assessing authority on the Property.

U. Evidence of adequate access to the Property from publicly-dedicated roadways.

V. A soil report for the Property.

W. A hazardous waste report for the Property.

X. A letter in which Borrower agrees to pay for all title work and downdate endorsements to the Title Insurance Policy.

Y. Master Association Documents and estoppel letter from the homeowner's association.

Z. Sub-Association Documents and estoppel letter from homeowner's sub-association.

AA. Evidence of annexation of the Property

BB. Developer Agreement.

CC. Such other documents as lender may require.

IV.

REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to Lender that the following statements are true as of the date of this Agreement, and will be true as of the date of the advance by Lender of Loan proceeds pursuant to this Agreement:

A. The Financial Statements are true, correct, and complete as of the dates specified therein and fully and accurately present the financial condition of Borrower as of the dates specified. No material adverse change has occurred in the financial condition of Borrower since the dates of the Financial Statements. For purpose thereof, material adverse change shall mean a decline of fifteen percent (15%) in the net worth of Borrower delivered to Lender pursuant to the terms hereof.

B. There are no conditions, circumstances, events, agreements, material actions, suits, or proceedings pending or to the knowledge of Borrower threatened in any court or before or by any Governmental Authority against or affecting Borrower, the Property, or the Purchase Agreement, or involving the validity, enforceability, or priority of any of the Loan Instruments, at law or in equity, which may result in a material adverse change in the financial condition of Borrower. For purposes hereof, material adverse change shall mean a decline of fifteen percent (15%) in the net worth of Borrower as shown on the Financial Statements of Borrower delivered to Lender pursuant to the terms thereof. The consummation of the transactions contemplated hereby and the performance of any of the terms and conditions hereof and of the other Loan Instruments, will not result in a breach of, or constitute default in, any mortgage, deed of trust, lease, promissory note, loan agreement, credit agreement, partnership agreement, or other agreement to which Borrower is a party or by which Borrower may be bound or affected. Borrower is not in default under any Governmental Requirements.

C. All of the Loan Instruments, and all other documents referred to herein to which Borrower is a party, upon execution and delivery, will constitute duly authorized, valid and binding obligations of Borrower, enforceable in accordance with their terms except as limited by Debtor Relief Laws. No basis presently exists for any claims against Lender under the Loan Instruments and enforcement of the Loan Instruments is subject to no defenses.

D. Borrower holds full legal and equitable title to the Property subject only to title exceptions set forth in the Title Insurance.

E. Borrower's ownership of the Property and the sale or lease of the Property by Borrower are exempt from the registration and any requirements of the Interstate Land Sales Full Disclosure Act and the Regulations promulgated thereunder.

F. There is no fact that Borrower has not disclosed to Lender in writing that could materially adversely affect the property, business or financial condition of Borrower or the Property. For purposes hereof, material adverse change and material adverse affect in the financial condition of either the Borrower or any Guarantor shall mean a decline of fifteen (15%) percent in the net worth of Borrower as shown on the Financial Statements of Borrower delivered to Lender pursuant to the terms hereof.

G. To Borrower's knowledge, (1) no Hazardous Materials are located on the Property or have been released into the environment, or deposited, discharged, placed or disposed of at, on, under or near the Property; (2) no portion of the Property is being used or has ever been used for the disposal, storage, treatment, processing or other handling of Hazardous Material and the Property is not affected by any Hazardous Materials Contamination; (3) no Hazardous Materials are located in the vicinity of the Property, no property adjoining the Property is being used or has ever been used for the disposal, storage, treatment, processing or other handling of Hazardous Materials, and any other property adjoining the Property is not affected by Hazardous Materials Contamination; (4) no asbestos or asbestos containing materials have been installed, used, incorporated into, or disposed of on the Property; (5) no polychlorinated biphenyls are located on or in the Property, in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils; or any other device form; (6) no underground storage tanks are located on the Property or were located on the Property and subsequently removed or filled; (7) no investigation, administrative order or notice, consent order and agreement, litigation or settlement with respect to Hazardous Materials or Hazardous Materials Contamination is proposed, threatened, anticipated or in existence with respect to the Property; (8) the Property and its existing and prior uses comply and at all times have complied with any applicable Governmental Requirements relating to environmental matters or Hazardous Materials; (9) there is no condition on the Property which is in violation of any applicable Governmental Requirements relating to Hazardous Materials, and Borrower has received no communication from or on behalf of any Governmental Authority that any such condition exists; and (10) the Property is not currently on and, to Borrower's knowledge after diligent investigation and inquiry, has never been on any federal or state "Superfund" or "Superlien" list, and Borrower is not aware that the Property is anticipated or threatened to be placed on such list. Notwithstanding that the foregoing warranties and representations in this Section are "to Borrower's knowledge", the existence of any of the foregoing at any time during the term of the Loan shall, at Lender's option, constitute an Event of Default hereunder and under any other of the Loan Instruments.

H. The representations and warranties contained in the Loan Instruments are made by Borrower as an inducement to Lender to make the Loan and Borrower understands that Lender is relying on such representations and warranties and that such representations and warranties shall remain true and correct so long as any part of the Loan remains outstanding and shall survive any (1) bankruptcy, insolvency, receivership or other proceedings arising under any Debtor Relief Laws involving Borrower or the Property, (2) foreclosure of the Mortgage, or (3) conveyance of title to the Property in lieu of foreclosure of the Mortgage.

I. The Loan Instruments and all financial statements, budgets, schedules, opinions, certificates, confirmations, statements, applications, affidavits, agreements, and other

materials submitted to the Lender in connection with or in furtherance of the Loan Instruments by or on behalf of the Borrower fully and fairly state the matters with which they purport to deal, and neither misstate any material fact nor, separately or in the aggregate, fail to state any material fact necessary to make the statements made not misleading.

J. Subject only to payment of fees to be paid from the Approved Budget, all utility and municipal services required for the construction, occupancy and operation of single-family residences, improvements, including, but not limited to, water supply, storm and sanitary sewer systems, electric and telephone facilities are available for use and tap-on at the boundaries of the Property, and written permission has been or will be obtained from the applicable utility companies or municipalities to connect such improvements into each of said services.

K. The storm and sanitary sewer system, water system and all mechanical systems of the Property do (or when constructed will) comply with all applicable environmental, pollution control and ecological laws, ordinances, rules and regulations, the applicable environmental protection agency, pollution control board.

L. All representations and warranties contained in this Article shall survive the consummation of the transactions contemplated in this Loan Agreement.

V.

COVENANTS AND AGREEMENTS OF BORROWER

Borrower hereby covenants and agrees as follows:

A. Borrower shall timely comply with all Governmental Requirements and deliver to Lender evidence thereof. Borrower assumes full responsibility for the compliance of the Property with all Governmental Requirements. Upon receipt by Borrower of any notice from a Governmental Authority of non-compliance with any Governmental Requirements or the Purchase Agreement, Borrower shall promptly provide Lender with notice thereof.

B. Borrower shall permit Lender and any Governmental Authority, and their agents and representatives, to enter upon the Property for the purpose of inspection of the Property.

C. Borrower shall timely comply with and promptly furnish to Lender within five (5) business days true and complete copies of any notice or claim by any Governmental Authority pertaining to the Property. Borrower shall promptly notify Lender of any fire or other casualty or any notice of taking or eminent domain action or proceeding affecting the Property.

D. Lender shall have the right, but not the obligation, to disburse and directly apply such amounts as may be necessary to satisfy any of Borrower's obligations hereunder or under any of the Loan Instruments. Any advance by Lender for such purpose shall be part of the Loan and shall be secured by the Loan Instruments. In addition, Lender may advance such amounts as may be necessary to prevent deterioration of the Property, to keep the Property safe and free of nuisances, to satisfy obligations incurred by Borrower in connection with the Property and to take any action deemed necessary to prevent the lien of the Mortgage and any other security for the Loan from being jeopardized, adversely affected or impaired, and such expenses, even though in excess of the amount of the Loan, shall be secured by the Loan Instruments, and payable to Lender upon demand.

E. Borrower shall pay when due all costs and expenses required by this Loan Agreement, including, without limitation, (1) all taxes and assessments applicable to the Property, (2) all fees for filing or recording the Loan Instruments, (3) all fees and commissions lawfully due to brokers, salesmen, and agents in connection with the Loan or the Property, (4) all reasonable fees and expenses of counsel to Lender, (5) all title insurance and title examination charges, including premiums for the Title Insurance, (6) all premiums for the Insurance Policies, and (7) all other reasonable costs and expenses payable to third parties incurred by Lender in connection with the consummation of the transactions contemplated by this Loan Agreement, including, without limitation, all renewals, extensions, modifications, increases or refinancings thereof.

F. Borrower shall execute and deliver to Lender, from time to time as requested by Lender, such other documents as shall reasonably be necessary to provide the rights and remedies to Lender granted or provided for by the Loan Instruments.

G. Lender may (but shall not be obligated to) commence, appear in, or defend any action or proceeding purporting to affect the Loan, the Property or the respective rights and obligations of Lender and Borrower pursuant to this Loan Agreement. Lender may (but shall not be obligated to) pay all necessary expenses, including reasonable attorneys' fees and expenses incurred in connection with such proceedings or actions, which Borrower agrees to repay to Lender upon demand other than actions or proceedings brought by Borrower against Lender.

H. Borrower shall not assign or encumber any interest of Borrower hereunder without the prior written consent of Lender.

I. Borrower shall promptly pay or cause to be paid when due all costs and expenses incurred in connection with the Property, and Borrower shall keep the Property free and clear of any liens, charges or claims other than the lien of the Mortgage and other liens approved in writing by Lender. Notwithstanding anything to the contrary contained in this Loan Agreement, Borrower (1) may contest the validity or amount of any claim of any party with respect to the Property and the obligations of Borrower pursuant to the Purchase Agreement, (2) may contest any tax or special assessments levied by any Governmental Authority, and (3) may contest the enforcement of or compliance with any Governmental Requirements, and such contest on the part of Borrower shall not be a default hereunder and shall not release Lender from its obligation to make Advances hereunder; provided, however, that during the pendency of any such contest, Borrower shall (a) furnish to Lender and Title Company an indemnity bond with corporate surety satisfactory to Lender and Title Company or other security acceptable to them in an amount equal to the amount being contested plus a reasonable additional sum to cover possible costs, interest and penalties, or (b) transfer the lien from the Property pursuant to any applicable provisions of Florida law resulting in the Property being lien-free and provided further that Borrower shall pay any amount adjudged by a court of competent jurisdiction to be due, with all costs, interest and penalties thereon, before such judgment becomes a lien on the Property.

J. Borrower shall not impose any restrictive covenants, easements or other encumbrances upon the Property, execute or file any subdivision plat affecting the Property, or consent to the annexation of the Property to any city without the prior written consent of Lender. Upon the consent of Lender thereto, Lender shall, at Borrower's request, join in any such restrictive covenant, encumbrance or subdivision plat. Lender acknowledges and consents to the pending annexation of the Property into the City of Coral Springs and the rejoining of the Property by the City of Coral Springs, but only if such rejoining permits the single family residential uses contemplated by this Agreement.

K. Borrower agrees that during the term of the Loan, Lender may erect and maintain on the Property one or more advertising signs indicating that the acquisition financing for the Property has been provided by Lender.

L. Borrower shall deliver to Lender current Financial Statements within 60 days after the end of each fiscal year of Borrower, and if Borrower routinely prepares more frequent Financial Statements for interim periods, shall furnish Lender copies of such interim statements when they are prepared.

M. Borrower shall furnish Lender with receipts or tax statements marked "paid" to evidence the payment of all taxes levied on the Property on or before 30 days prior to the date such taxes become delinquent.

N. Borrower acknowledges and agrees that Lender may, from time to time, sell or offer to sell interests in the Loan and the Loan Instruments to one or more participants. Borrower authorizes Lender to disseminate any information it has pertaining to the Loan, including, without limitation, complete and current credit information on Borrower and any of its principals to any such participant or prospective participant.

O. Borrower shall promptly inform Lender of (1) any litigation against Borrower or affecting the Property or obligations of Borrower under the Purchase Agreement, which, if determined adversely, might have a material adverse change upon the financial condition of Borrower or upon the Property, or might cause an Event of Default, (2) any claim or controversy which might become the subject of such litigation, and (3) any material adverse change in the financial condition of Borrower. For purposes hereof, material adverse change shall mean a decline of fifteen percent (15%) in the net worth of Borrower as shown on the Financial Statements delivered to Lender in connection with the Loan.

P. Borrower shall defend, at its own cost and expense, and hold Lender harmless from, any proceeding or claim in any way relating to the Property or the Loan Instruments. All costs and expenses incurred by Lender in protecting its interests hereunder, including all court costs and reasonable attorneys' fees and expenses, shall be borne by Borrower. The provisions of this Section shall survive the payment in full of the Loan and all other indebtedness secured by the Mortgage and the release of the Mortgage as to events occurring and causes of action arising before such payment and release.

Q. Borrower agrees to (1) give notice to Lender immediately upon Borrower's acquiring knowledge of the presence of any Hazardous Materials on the Property or of any Hazardous Materials Contamination with a full description thereof; (2) promptly, at Borrower's sole cost and expense, comply with any Governmental Requirements requiring the removal, treatment or disposal of such Hazardous Materials or Hazardous Materials Contamination and provide Lender with satisfactory evidence of such compliance; and (3) provide Lender, within thirty (30) days after demand by Lender, with a bond, letter of credit or similar financial assurance evidencing to Lender's satisfaction that sufficient funds are available to pay the cost of removing, treating and disposing of such Hazardous Materials or Hazardous Materials Contamination and discharging any assessments which may be established on the Property as a result thereof; provided, however, if any Hazardous Materials or Hazardous Materials Contamination exists, occurs or has occurred on any of the Property (a "Hazardous Event"), Borrower shall have up to sixty (60) days to remedy or remove such matters or occurrences so that the Property is in compliance with all applicable laws, rules and regulations relating to environmental

matters including, without limitation, those of the U.S. Environmental Protection Agency.

R. Borrower shall not cause or suffer any liens to be recorded against the Property as a consequence of, or in any way related to, the presence, remediation or disposal of Hazardous Material in or about the Property, including any state, federal or local so-called "Superfund" lien relating to such matters.

S. Borrower shall at all times retain any and all liabilities arising from the presence, handling, treatment, storage, transportation, removal or disposal of Hazardous Materials on the Property. Regardless of whether any Event of Default shall have occurred and be continuing or any remedies in respect of the Property are exercised by Lender, Borrower shall defend, indemnify and hold harmless Lender from and against any and all liabilities (including strict liability), suits, actions, claims, demands, penalties, damages (including, without limitation, lost profits, consequential damages, interest, penalties, fines and monetary sanctions), losses, costs or expenses (including, without limitation, consultants fees, investigation and laboratory fees, reasonable attorneys' fees and remedial costs) (the foregoing are hereinafter collectively referred to as "Liabilities") which may now or in the future (whether before or after the culmination of the transactions contemplated by this Loan Agreement) be incurred or suffered by Lender by reason of, resulting from, in connection with, or arising in any manner whatsoever out of the breach of any warranty or covenant or the inaccuracy of any representation of Borrower contained or referred to in Sections Q-S of this Article, in Section IV.G hereof of this Loan Agreement and Article 9 of the Mortgage or which may be asserted as a direct or indirect result of the presence on or under, or escape, seepage, leakage, spillage, discharge, emission or release from the Property of any Hazardous Materials or any Hazardous Materials Contamination or arise out of or result from the environmental condition of the Property or the applicability of any Governmental Requirements relating to Hazardous Materials, whether or not occasioned wholly or in part by any condition, accident or event caused by any act or omission of Borrower or Lender. Such Liabilities shall include, without limitation: (1) injury or death to any person; (2) damage to or loss of the use of any property; (3) the cost of any demolition and rebuilding of the Improvements, repair or remediation and the preparation of any activity required by any Governmental Authority; (4) any lawsuit or proceeding brought or threatened, good faith settlement reached, or governmental order relating to the presence, disposal, release or threatened release of any Hazardous Material on, from or under the Property; and (5) the imposition of any lien on the Property arising from the activity of Borrower or Borrower's predecessors in interest on the Property or from the existence of Hazardous Materials or Hazardous Materials Contamination upon the Property. The covenants and agreements contained in this Section S. shall survive the consummation of the transactions contemplated by this Loan Agreement.

T. Borrower acknowledges and agrees that Lender has not made any commitments, either express or implied, to extend the term of the Loan (unless otherwise expressly provided herein) past its stated maturity date or to provide Borrower with financing for the construction of any improvements on the Property or any permanent financing.

VI.

RIGHTS AND REMEDIES OF LENDER

A. Upon the occurrence of an Event of Default, Lender shall have the right, in addition to any other right or remedy of Lender, but not the obligation, in its own name or in the name of Borrower, to enter into possession of the Property; to perform all work necessary to complete the obligations of Borrower pursuant to any

Governmental Requirements; and to employ watchmen and other safeguards to protect the Property. Borrower hereby appoints Lender as the attorney-in-fact of Borrower, with full power of substitution, and in the name of Borrower, if Lender elects to do so, upon the occurrence of an Event of Default, to (1) endorse the name of Borrower on any checks or drafts representing proceeds of the Insurance Policies, or other checks or instruments payable to Borrower with respect to the Property, (2) prosecute or defend any action or proceeding incident to the Property. The power-of-attorney granted hereby is a power coupled with an interest and irrevocable. Lender shall have no obligation to undertake any of the foregoing actions, and if Lender should do so, it shall have no liability to Borrower for the sufficiency or adequacy of any such actions taken by Lender.

B. Upon the occurrence of an Event of Default, Lender may, at its option, declare the Loan immediately due and payable without notice of any kind.

C. Any funds of Lender used for any purpose referred to in this Article VI shall constitute Advances secured by the Loan Instruments and shall bear interest at the rate specified in the Note to be applicable after default thereunder.

D. No waiver by Lender of any of its rights or remedies hereunder, in the other Loan Instruments, or otherwise, shall be considered a waiver of any other or subsequent right or remedy of Lender; no delay or omission in the exercise or enforcement by Lender of any rights or remedies shall ever be construed as a waiver of any right or remedy of Lender; and no exercise or enforcement of any such rights or remedies shall ever be held to exhaust any right or remedy of Lender.

VII.

GENERAL TERMS AND CONDITIONS

A. All notices, demands, requests, and other communications required or permitted hereunder shall be in writing and shall be deemed to have been received when presented personally or three (3) days after deposited in a regularly maintained receptacle for the United States Postal Service, postage prepaid, registered or certified, return receipt requested, addressed to Borrower or Lender, as the case may be, at the respective addresses set forth on the first page of this Loan Agreement, or such other address as Borrower or Lender may from time to time designate by written notice to the other as herein required.

B. The Loan Instruments constitute the entire understanding and agreement between the undersigned with respect to the transactions arising in connection with the Loan and supersede all prior written or oral understandings and agreements between the undersigned in connection therewith. No provision of this Loan Agreement or the other Loan Instruments may be modified, waived, or terminated except by instrument in writing executed by the party against whom a modification, waiver, or termination is sought to be enforced.

C. In case any of the provisions of this Loan Agreement shall for any reason be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Loan Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

D. Lender shall have all of the rights and remedies granted in the Loan Instruments and available at law or in equity, and these same rights and remedies shall be cumulative and may be pursued separately, successively, or concurrently against Borrower,

Guarantor, or any property covered under the Loan Instruments at the sole discretion of Lender. The exercise or failure to exercise any of the same shall not constitute a waiver or release thereof or of any other right or remedy, and the same shall be nonexclusive.

E. All documents, certificates, insurance policies, and other items required under this Loan Agreement to be executed and/or delivered to Lender shall be in form and substance satisfactory to Lender.

F. All agreements between Borrower and Lender, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of acceleration of the maturity of any indebtedness governed hereby or otherwise, shall the interest contracted for, charged or received by Lender exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to Lender in excess of the maximum lawful amount, the interest payable to Lender shall be reduced to the maximum amount permitted under applicable law; and, if from any circumstance the Lender shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall be applied to the reduction of the principal of the Loan and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of the Loan such excess shall be refunded to Borrower. All interest paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal of the Loan (including the period of any renewal or extension thereof) so that interest thereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between the Borrower and Lender.

G. This Loan Agreement is for the sole benefit of Lender and Borrower and is not for the benefit of any third party.

H. In no event shall Lender's rights and interests under the Loan Instruments be construed to give Lender the right to, or be deemed to indicate that Lender is in control of the business, management or properties of Borrower or has power over the daily management functions and operating decisions made by Borrower.

I. Whenever used herein, the singular number shall include the plural and the plural the singular, and the use of any gender shall be applicable to all genders. The duties, covenants, obligations, and warranties of Borrower in this Loan Agreement shall be joint and several obligations of Borrower and of each Borrower if more than one.

J. Borrower shall have the right to obtain partial releases of the Property subject to the following terms and conditions:

(1) Borrower shall not be in default hereunder or under any other of the Loan Instruments;

(2) Borrower shall submit a prepared partial release instrument (the "Partial Release") in form and substance satisfactory to Lender together with a lot and block description of the property to be released. In addition, the Partial Release should be accompanied with information necessary for Lender to process the Partial Release, including the name and address of the title insurance company or the attorney, as the case may be, if any, to whose attention the Partial Release should be directed, numbers that reference the Partial Release (i.e., order numbers, release numbers, etc.) and the anticipated date when the Partial Release is to become effective;