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BOOK

DECLARATION OF CONDOMINIUM OWNERSHIP  
OF  
SCOTTISH HIGHLANDS, A CONDOMINIUM

THIS DECLARATION is made this 2nd day of February, 1983, by SCOTTISH HIGHLANDS, INC., the "Developer". The Developer is the owner in fee simple of that real property described on Exhibit "A" attached hereto. The Developer is currently improving the property which is hereby submitted to the condominium form of ownership and is described in Exhibit "A". Construction is substantially complete. A copy of the plot plan and survey of said development is attached hereto as Exhibit "B".

The Developer, in consideration of the above, hereby makes the following declarations:

1. NAME: The name by which this condominium is to be identified is SCOTTISH HIGHLANDS, a Condominium.
2. DEFINITIONS. The terms used in this Declaration of Condominium and its exhibits shall be as follows, unless the context otherwise requires:
  - 2.1 "Assessment" means a share of the funds required for the payment of common expenses, which from time to time is assessed against the parcel owner.
  - 2.2 "Association" means the entity responsible for the operation of the condominium: SCOTTISH HIGHLANDS CONDOMINIUM ASSOCIATION, INC., a Florida non-profit corporation.

RECORDED AND RETURNED YES/NO  
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2.3 "Board of Directors" means the Board of Administration as defined in the Condominium Act.

2.4 "Bylaws" means the bylaws of the Association as they exist from time to time.

2.5 "Common elements" include the land, improvements, and all other parts of the condominium not within the units, as provided in the Condominium Act. References to "common elements" include "limited common elements" unless the context otherwise requires. The common elements may be enlarged from time to time as provided in the Condominium Act. The word "commons" shall be synonymous with "common elements".

2.6 "Common Surplus" means the excess of all receipts of the Association, including, but not limited to, assessments, rents, profits, and revenues on account of the common elements.

2.7 "Common expenses" means the expenses for which the parcel owners are liable to the Association. These include, but are not limited to:

a. expenses of administration, expenses of maintenance, operation, insurance, repair, replacement of the common elements, of easements for ingress and egress, and of any portions of parcels to be maintained by the Association; and fees and expenses connected with any maintenance or management agreement entered into by the Association;

b. expenses declared common expenses by provisions of this Declaration and its exhibits, the Articles of Incorporation, or the Bylaws;

c. expenses of water, sewage and trash removal and other utilities or services provided by the Association for parcels or common elements;

d. any valid charge against the condominium as a whole.

The enumeration of common expenses set forth herein is not exclusive. Expenses connected with or related to limited common elements shall not be deemed common expenses chargeable proportionately to all parcel owners, but shall be deemed special common expenses charged only to the parcel or parcels to which such elements are appurtenant or otherwise relate; but, otherwise all references to common expenses, particularly in regard to the enforcement of payment thereof, shall be deemed to include those special common expenses applicable to the limited common elements, unless the context otherwise requires.

2.8 "Condominium" means all of the condominium property as a whole when the context so permits, as well as the meaning stated in the Condominium Act. This condominium is a residential condominium as defined in the Condominium Act.

2.9 "Condominium parcel" means a condominium unit, with all improvements located thereon, together with the undivided share in the common elements and associated expenses appurtenant to such a unit.

2.10 "Condominium property" is defined as that land submitted to condominium ownership and all present or future improvements thereon, together with all easements and rights



appurtenant thereto, whether or not contiguous, intended for use in connection with the condominium.

2.11 "Existing lender" means any lender who may have a lien or mortgage against developer's ownership interests in the land described herein.

2.12 "Institutional lender" means a bank, real estate investment trust, life insurance company, licensed mortgage company, or savings and loan association any of whom have loaned on a parcel, and the existing lender.

2.13 "Member" means the owner or representative of a parcel who is entitled to cast the vote of that given parcel. For voting purposes there is deemed to be one (1) "member" for each voting parcel.

2.14 "Ownership interest" means that share of commons ownership and of responsibility for expenses which attaches to a given parcel. Normally and originally there is one ownership interest established per parcel but if, for example, three parcels are redivided into two then each newly constituted parcel would carry a greater ownership interest; for example, one and one-half interest for each such larger parcel. The number of ownership interests will increase from time to time if new phases of units are added to the condominium. The ownership interest attaching to any unit will never be less than one but may be more than one.

2.15 Other definitions: Other definitions contained in the Condominium Act apply hereto.

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

2.17 "Utility Services": Utility services, as used in the Condominium Act and as construed hereunder, shall include those services presently provided, or which may be made available hereafter, including, but not limited to, electric power, gas, water, garbage and sewage treatment and disposal, cable television service, master antenna system, security alarm service, telephone service, and any other similar services as may be provided.

3. PROPERTY SUBMITTED TO CONDOMINIUM FORM OF OWNERSHIP.

The fee simple interest in the following property is hereby submitted to the condominium form of ownership:

See attached Exhibit "A"

4. IDENTIFICATION.

4.1 Survey, Plot Plan and Graphic Description: The condominium units of the condominium property submitted to the condominium form of ownership are set forth in the plat of survey and plot plan attached hereto and made a part hereof as Exhibit "B". Each condominium unit is described in said plat in such a manner that there can be determined therefrom the identifying unit numbers, its location with reference to other parcels within the condominium, dimensions and size, as well as the common elements which may be appurtenant thereto.



4.2 Alteration of Unit Plans: The Developer reserves the right to alter the boundaries between the units, so long as the Developer owns the units so altered. No such change shall increase the number of units nor alter the boundaries of the common elements without amendment of this Declaration by approval of the Association, any affected unit owners, affected existing lenders and affected owners of mortgages in the manner elsewhere provided. If the Developer shall make any changes in the units so authorized, such changes shall be reflected by an amendment to this Declaration. If more than one unit is affected by alteration of unit boundaries, and if the number of units is changed, the Developer shall apportion between or among those units whose boundaries are revised a proportionate share of the ownership interests which were appurtenant to the units affected by the change in boundary.

5. DEVELOPER'S PARCELS AND PRIVILEGES.

Sale, Rental or Lease of Parcels: The Developer, its successors or assigns, is irrevocably empowered, notwithstanding anything herein to the contrary, to sell, lease or rent parcels to any person or entity approved by it. Said Developer, through agency or contractual arrangements with third parties, shall have the right to transact on the condominium property any business necessary to consummate the sale of parcels, including, but not limited to, the right to maintain an office, model homes, to have signs, to have employees in an office, and to utilize the common elements and to show them

to prospective purchasers. A sales office, signs, and all items pertaining to sales shall not be considered common elements, but shall remain the property of the Developer. In the event there are unsold parcels, the Developer retains the right to be the owner thereof, under the terms and conditions applicable to other owners, save for this right to sell, rent or lease as contained in this paragraph. No rights reserved to the Developer hereunder or under any other provisions of this Declaration and the exhibits hereto shall be waived, altered or amended without the express written consent of the Developer and existing lender or its successors or assigns.

6. EASEMENTS. Non-exclusive easements are reserved throughout the condominium property over both units and common elements as they may be required to furnish utility services and to provide ingress and egress in order to serve such facilities. However, easements through a unit shall be utilized only according to the plot plans or surveys attached as exhibits to this Declaration, as reserved in the deeds to unit owners, or as approved in writing by the unit owners concerned.

7. UNIT BOUNDARIES. Unit boundaries shall include that area within the exterior or perimetrical boundaries found and prescribed upon the survey and/or plot plan attached to this Declaration as exhibits. The units shall likewise include any and all improvements within said boundaries of such unit, as described in the survey and/or plot plan,



which may be now or hereafter placed upon said units or which may become a part thereof, including, but not limited to, sodding and landscaping, homes, patios, and any and all other improvements which become permanently affixed to the units. However, such ownership by the unit owners shall be subject to any easements or other rights of ingress or egress reserved to the common usage of all condominium unit owners referred to above in Paragraph 6.

8. COMMON ELEMENTS.

8.1 Defined: Common elements, as hereinabove defined, shall include within its meaning, in addition to the items listed in the Condominium Act, Florida Statutes, Section 718.108, the following items:

- a. an undivided interest in the common surplus;
- and
- b. cross easements for ingress, egress, support, passage, maintenance, repair, replacements, and utilities.

8.2 Amendments: Amendments to the Declaration relating to the common elements may be made as provided for in Florida Statutes, Section 718.110 and as provided in Paragraph 22, below, relating to phasing.

9. PERCENTAGE OF OWNERSHIP OF COMMON ELEMENTS. The undivided share in the land and other common elements and the common surplus which are appurtenant to each condominium unit is initially established as that proportion of the total set forth, as a fraction, in the schedule which is annexed hereto and made a part hereof, as Exhibit "C".



10. LIABILITY FOR COMMON EXPENSES. Except as specifically provided in this Declaration, each parcel owner, except the Developer, if the Developer has met the conditions listed in Paragraph 12.1, below, shall be liable for his portion and share of the common expenses in an amount equal to his undivided share of ownership of common elements as set forth in Paragraph 9, above. It is understood that this shall include all expenses in connection with any assessments, insurance and all other expenditures on behalf of the condominium for which the Association shall be responsible, including the operation and maintenance of the recreational facilities and social programs, if any. In the case of co-ownership of a parcel, liability shall be joint and several.

11. MAINTENANCE, ALTERATION AND IMPROVEMENT. Responsibility for the maintenance of the condominium property, and restrictions on alterations and improvement shall be as follows:

11.1 Units.

a. By the Association: Except as provided herein to the contrary, the Association shall maintain, repair and replace at the Association's expense:

1. All equipment, improvements, footpaths, and facilities for the furnishing of utility services owned and operated by the condominium association contained within a unit's boundaries, but utilized for the furnishing of services for or benefit to any other units wheresoever located or for common areas, if applicable.

2. Incidental damage to a unit caused by the condominium association's negligence in the furnishing of utilities or other services, which shall be repaired promptly at the expense of the Association, except for that expense which may be reimbursed to a unit owner by insurance proceeds paid under policies purchased by the Association.

b. By the Parcel Owner: The responsibility of the parcel owner shall be as follows:

1. To maintain, repair and replace any and all improvements to his unit, except those portions which may be maintained, repaired, and replaced by the Association. Said maintenance, repair, or replacement of improvements shall be done and accomplished without disturbing the rights of other parcel owners.

2. The portions of a unit to be maintained, repaired and replaced by the parcel owner at his expense shall include, but not be limited to, any and all other equipment, fixtures, and other real or personal property located on the unit.

c. Alteration and Improvement: Except as elsewhere provided, neither a parcel owner nor the Association shall make any alteration in the improvements of the unit which are to be maintained by the Association or remove any portion of them or make any additions to them, do any act which would jeopardize the safety or soundness of the unit or units located nearby, or impair any easement, without first obtaining approval in writing of all units in the area



which the work is to be done and which will affect those units involved.

11.2 Common Elements and Association Property.

a. By the Association: Except as provided for above, the maintenance and operation of the common elements, including the limited common elements, and Association property, shall be the responsibility of the Association.

Expenses related to the common elements shall be a common expense. Expenses related to limited common elements shall be borne by the parcel or parcels benefited in the same proportion as the ownership of each parcel bears to the total number benefited.

b. Alteration and Improvement: After the completion of the improvements designated as common elements as contemplated by this Declaration, there shall be no alteration nor further improvement of the common elements or acquisition of additional common elements without prior approval in writing by the owners of not less than sixty-six and two-thirds percent (66 2/3%) of the parcels, except as provided by the Bylaws or as elsewhere provided herein. Any such alteration or improvement shall not interfere with the rights of any parcel owners without their consent. The cost of the work or acquisition shall not be assessed against an institutional lender that acquires its title as the result of owning a mortgage upon the parcel owned, unless that lender shall have approved the alteration or improvement or

acquisition, and this shall be so whether the title is acquired by deed from the mortgagor or through foreclosure proceedings. The share of any cost not so assessed shall be assessed to the other parcel owners in the shares that their shares in the common elements bear to each other. There shall be no change in the shares and rights of a parcel owner in the common elements nor in his share of common expenses, whether or not the parcel owner contributes to the cost of the alteration, improvement or acquisition.

11.3 Enforcement of Maintenance and for Assessment:

The Association is granted the right to make repairs to any unit or units if, in the opinion of the Association, such repairs, replacements or maintenance are required to preserve the unit for the common good of the members of the Association. The Association shall not have the right to require cosmetic changes to a unit nor assess for alteration made for purposes other than maintenance or repair. The Association shall only be able to require maintenance when there are such defects in the unit that they may cause damage to adjoining units or are unsightly so as to significantly detract from the value and enjoyment of nearby units or from the condominium as a whole. If the owner, or the subsequent owner, of the parcel does not comply with the request of the Association for maintenance or repair of his unit, the Association shall have the power to perform the maintenance or repair and to assess the parcel owner for costs of the same



within a reasonable time following discovery. The Association is further granted a lien on each parcel including its appurtenant undivided interest in the common elements and limited common elements, if any, as provided in the Florida Statutes. Such a lien shall secure the monies due for all assessments levied against the parcel and the owner thereof, for interest, if any, which may become due on delinquent assessments owing to the Association, and for costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing its lien upon the parcel, both at the trial level and on appeal. The lien granted to the Association may be established and foreclosed in the Circuit Court, in and for Lake County, Florida, and in any suit for the foreclosure of said lien. The lien of the Association shall also secure all advancements for taxes and payments on account of superior mortgages, liens or encumbrances made by the Association to preserve and protect its lien, together with interest at a rate equal to that rate of interest known as the "prime lending rate" on an average, but not less than, fifteen percent (15%) per annum. Anything in this Declaration or any of its exhibits to the contrary notwithstanding, any lien granted herein to the Association shall be subordinate, junior, and inferior to the lien of any institutional first mortgage, regardless of time of inception of either, except as noted below. Upon the recordation of the Certificate of Title issued pursuant to the foreclosure of an institutional first mortgage, any lien for assessments

due and payable prior to such recordation shall be deemed abolished, but the lien for assessments due and payable after the recordation of said Certificate shall not be impaired and shall be effective as to the grantee of such Certificate of Title.

When the holder of an institutional first mortgage of record obtains title to the condominium parcel encumbered by said mortgage as a result of a deed given in lieu of foreclosure, such acquirer of title and its successors and assigns shall not be liable for the share of common expenses or assessments by the Association pertaining to the condominium parcel or chargeable to the former parcel owner which became due prior to acquisition of title, unless the share is secured by a claim of lien for assessments that was recorded prior to the recording of such institutional first mortgage. The unpaid share of common expenses or assessments shall become common expenses collectible pro-rata from all of the parcel owners including such acquirer, its successors and assigns.

12. ASSESSMENTS. To provide the funds necessary for proper operation and management of the condominium, the Association is granted the right to make, levy and collect assessments against the owners of all parcels and the parcels themselves including appurtenant interests in the common elements. The following provisions govern the making, levying and collecting of such assessments and the payment



of costs and expenses of operating and managing the condominium by the Association:

12.1 Determination of Assessment Shares: Assessments by the Association against each owner of a parcel and the parcel itself shall be in such proportion that the amount of the assessment levied against each parcel and its owner shall bear the same ratio to the total assessment made against all parcel owners of this condominium as does the undivided interest in common elements appurtenant to each unit bear to the total undivided interest in common elements appurtenant to all units, without increase or diminution for the existence or lack of existence of any exclusive right to use an area constituting limited common elements which may be appurtenant to any unit. In accordance with Florida Statute 718.116(8)(b), for any stated period of time, Developer may elect to be excused from his share of the common expenses which would otherwise be assessed against his parcels if Developer has guaranteed the maximum amount of assessment to each parcel owner and has guaranteed to pay any common expenses in excess of the amounts produced by assessments at the guaranteed level receivable from other parcel owners.

12.2 Method of Payment: The assessment levied against the owner of each parcel and the parcel shall be payable in quarterly, monthly, or such other installments and at such

time as shall from time to time be fixed by the Association. The Association shall, in accordance with its Bylaws, establish an annual budget in advance for each fiscal year, and shall estimate all expenses for the forthcoming year required for the proper operation, management and maintenance of the condominium, including, when deemed necessary or advisable by the Association board or required by law, a reasonable allowance for contingencies and reserves; provided, however, that the members may determine, by a two-thirds vote at a duly called meeting of the Association, to provide no reserves or reserves less than those determined above and the annual budget may then be adopted with less or no reserves. Upon adoption of each annual budget by the board of the Association, copies thereof shall be delivered to each parcel owner, and the assessment for the year shall be based upon such budget. Failure to deliver a copy of said budget to the parcel owner, however, shall not affect the liability of such owner for such assessment. Assessments may be delivered personally by an officer or agent of the Association or mailed certified mail, return receipt requested. If the board at any time determines that assessments levied are insufficient to pay the costs of operation and maintenance of the condominium, or in the event of emergencies, the Association shall have the authority to levy such additional assessments as it may deem necessary.

12.3 Rental Payments: Pending any foreclosure of a lien for assessments, the owner of the parcel subject to a



lien shall be required to pay a reasonable rental for the parcel, and the Association shall be entitled to the appointment of a receiver to collect the same.

12.4 Recording and Priority of Lien: The lien of the Association shall be effective from and after recording within the Public Records of Lake County, Florida, it shall state the description of the unit encumbered thereby, the name of the record owner, the amount and the date when due, and it shall continue in effect for all sums owed until fully paid. The Claims of Lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim, the same shall be satisfied of record. As to the priority between the lien of a recorded institutional first mortgage and the lien of the Association, the lien of the institutional first mortgage shall be superior as set forth in Paragraph 11.3 hereinabove. Subject to the foregoing, any parcel owner or owners shall be personally liable for any assessment assessed against his parcel while he owned the same, including interest, attorney's fees, and court costs, as they shall be rendered by a court of competent jurisdiction. Any right reserved to the Association to foreclose liens in Paragraph 11 above are granted to the Association hereunder, in addition to those set forth above in this Paragraph.

13. THE ASSOCIATION. The Association which shall administer and operate the condominium shall be the SCOTTISH HIGHLANDS CONDOMINIUM ASSOCIATION, INC., a corporation not

for profit, organized under the laws of the State of Florida. The Association has all the powers and duties as set forth in the Condominium Act, as well as all the powers and duties granted to or imposed upon it by this Declaration, the Bylaws and Articles of Incorporation. Copies of the Bylaws and the Articles of Incorporation are attached hereto as Exhibits "D" and "E", respectively, and made a part hereof.

13.1 Membership: The Developer and all persons (including corporations) hereinafter owning parcels in the condominium whose interest is evidenced by the recordation of the proper instrument in the Public Records of Lake County, Florida, shall automatically become members of the Association and such membership shall automatically terminate when such persons have divested themselves of such interest.

13.2 Voting Rights: An owner or owners of a single condominium parcel shall collectively be entitled to one (1) vote, which shall be cast by the voting member. In the event that any person owns more than one (1) condominium parcel in the condominium, such person shall be entitled to one (1) vote per parcel so owned. In the event that a condominium parcel is owned by more than one (1) person, such persons are entitled collectively to only one (1) vote per parcel.

13.3 Number of Members: There shall be one voting member for each parcel submitted to condominium ownership by this Declaration.



13.4 Limitation Upon Liability of Association: Notwithstanding the duty of the Association to maintain and repair parts of the condominium property, or its own property, the Association shall not be liable to parcel owners for injury or damage, other than the cost of maintenance and repair, caused by any latent condition of the property to be maintained and repaired by the Association, or caused by the elements or other owners or persons.

14. INSURANCE. The insurance, other than title insurance, that shall be carried upon the common area of the condominium property shall be governed by the following provisions:

14.1 Purchase of Policy; Named Insured; Custody and Payment of Policies: All insurance policies upon the common area and common elements of the condominium property shall be purchased by the Association and shall be issued by an insurance company authorized to do business in Florida.

Said insurance policy and the insurer shall be subject to approval by the existing lender, as defined in Paragraph 2.11 of this Declaration. The approval may be obtained by directing to the mortgagee having the right of approval a request in writing for approval or disapproval within ten (10) days after the receipt of the request. If a response from the mortgagee is not received within that ten-day period, the request shall be deemed to be approved. An approval shall not be unreasonably withheld or denied.

Parcel owners shall obtain insurance coverage at their own expense for all real or personal property owned and

exclusively utilized by them located upon their respective units.

14.2 Coverage:

a. Casualty: All common area and common elements improvements within the condominium or on property owned by the Association shall be insured for the full replacement value. All personal property included in the common elements shall be insured. The Board of Directors of the Association shall determine the values of insured property annually and continue to maintain the necessary insurance to assure complete replacement or repair to damaged improvements. The insurance coverage shall afford protection against the following:

1. Loss or damage by fire and other hazards covered by a standard extended coverage endorsement; and
2. Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land, including, but not limited to, insurance covering flooding, vandalism and malicious mischief. Flood damage shall be covered only in the event that property is in a flood prone location, and there is a requirement to provide said coverage by a municipality or a subdivision of the State.



When possible, the policies shall waive the insurer's right to subrogation against the Association and against the unit owners individually and as a group.

b. Public Liability: Public liability insurance shall be provided in such amounts and with such coverage as shall be required by the Board of Directors of the Association including, but not limited to, hired automobile and non-owned automobile coverages, and with cross liability endorsement to cover liabilities of the parcel owners as a group to a parcel owner.

c. Workmen's Compensation: Workmen's compensation coverage shall be provided to meet the requirements of the laws of the State of Florida.

d. Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable.

14.3 Premiums: Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense, unless any portion of that premium goes solely for the benefit of a given parcel owner. In that event, the owner shall be assessed that amount of premium paid solely for his benefit.

14.4 Insurance Trustee; Shares of Proceeds: All insurance policies purchased by the Association shall be for the benefit of the Association and its mortgagees as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to such individual or

entity as may be designated as insurance trustee by the Board of Directors of the Association, which trustee is referred to in this instrument as the Insurance Trustee. The Insurance Trustee shall not be liable for payment of premiums nor for the renewal or the sufficiency of policies, or for the failure to collect any insurance proceeds. The duty of the Insurance Trustee shall be to receive and hold the insurance proceeds and other funds that are paid to it in trust for the purposes elsewhere stated in this instrument and for the benefit of the Association and its mortgagee or mortgagees in the following manner:

a. Common Elements: The proceeds paid to the Insurance Trustee for loss of or damage to property constituting common elements shall be applied to the repair, replacement or reconstruction of such loss or damage. If such proceeds exceed the cost of repair, replacement or reconstruction of the common elements, the excess shall be paid by the Trustee to the owners of all parcels and their mortgagees as their interest may appear in shares or proportions equal to the undivided interest appurtenant to each unit in the common elements. If the insurance proceeds are insufficient to pay the cost of repair, replacement or reconstruction of such common elements, the Association shall deposit with the Insurance Trustee from any reserve fund the difference between the total cost of repairing and the amount of the proceeds. If no such reserve fund has been established or if there is a fund which is insufficient to pay such difference,



the Association shall assess the amount of the difference against and collect the same from all parcel owners as a common expense.

b. Deposits to Insurance Trustee after Damage: Within sixty (60) days after a loss of or damage to condominium property covered by casualty insurance, the Association shall obtain estimates of the cost of repairing, replacing or restoring the same, including the cost of professional fees and any construction bond which the Board of Directors may require. If from such estimates it shall appear that the insurance proceeds payable for such loss or damage will be insufficient to pay cost of such repair, replacement or reconstruction, the additional money required to pay the total cost thereof shall be deposited with the Insurance Trustee as soon as it or any portion thereof is received from the parcel owners, except as provided below.

15. RECONSTRUCTION OR REPAIR AFTER CASUALTY.

Common area property damaged or destroyed by casualty shall be repaired, replaced or reconstructed according to the following criteria:

15.1 Reconstruction and/or Repair: In the event that common area or common elements of the condominium property is damaged as a result of fire or other casualty, the Board of Directors shall contract for the restoration or replacement of such property and the Insurance Trustee shall disburse the proceeds of all insurance policies and other funds he holds to the contractors performing such repair or restoration

in progress payments as provided by their contracts. Repairs or restcration shall be instituted within sixty (60) days from the date that the Insurance Trustee receives proceeds of insurance and assessments which comprise a total sufficient to pay the maximum contracted costs of such work.

15.2 Estimate of Costs: The Association shall obtain reliable estimates of the cost to repair or replace common condcminium property.

15.3 Plans and Specifications: Reconstruction or repair shall be substantially in accordance with the plans and specifications for the original buildings or improvements to the condcminium property, unless the new plans and specifications are approved by the Board of Directors of the Association. In any event, replacement or repair must be accomplished in a manner which provides substantially the same improvements as those which were situated on the condominium property prior to the casualty.

15.4 Construction Funds: If the total funds necessary for the cost of reconstruction and/or repair after casualty do not exceed Ten Thousand Dollars (\$10,000.00) and substantially all of the funds are to be paid from the insurance proceeds, then and in that event, the sum paid from insurance proceeds need not be deposited with and disbursed by the Insurance Trustee. In such cases, the Association itself shall hold the sums assessed from the parcel owners or collected from insurance companies and disburse the same in payment of the costs of repair and reconstruction. If there is a balance



in a construction fund distributed by an Insurance Trustee or the Association after payment of all costs of reconstruction and/or repair, the balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated; except, that no mortgagee shall benefit from an assessment made against an owner of a parcel and shall not receive any percentage of funds attributable to owners of parcels, but instead only from that attributable to insurance proceeds.

15.5 Assessments: If the proceeds of the insurance policy or policies are inadequate and the Association and/or the Insurance Trustee is unable to complete reconstruction and/or repair with the funds provided by insurance policies, assessments shall be made against parcel owners in the case of damage to common elements in sufficient amounts to provide funds for the payment of the costs. Any damage or casualty done to common elements shall be shared by all parcel owners equally and shall be assessed in proportion to the owner's share in the common elements and expenses of the condominium.

16. COMPLIANCE AND DEFAULT. Each parcel owner and the Association shall be governed by and shall comply with the terms of the Declaration of Condominium, Articles of Incorporation of the Association and the Bylaws adopted pursuant to those documents, and all of those documents as they may be amended from time to time. The Association and parcel owners shall be entitled to the following relief in addition to the remedies provided by the Condominium Act:

16.1 Negligence: A parcel owner shall be liable for the expense of any maintenance, repair or replacement made necessary by his negligence or by that of any member of his family or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. A parcel owner shall pay the Association the amount of any increase in its insurance premiums occasioned by use, misuse, occupancy or abandonment of a unit or its appurtenances, or of the common elements, by the parcel owner.

16.2 Costs and Attorney's Fees: In any proceeding arising because of an alleged failure of a parcel owner or the Association to comply with the requirements of the Condominium Act, this Declaration, the Articles of Incorporation of the Association, the Bylaws, or the Regulations, and those items as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees as may be awarded by the court, at both the trial level and on appeal.

16.3 No Waiver of Rights: The failure of the Association or any parcel owner to enforce any covenant, restriction or other provision of the Condominium Act, this Declaration, the Articles of Incorporation of the Association, the Bylaws or the Regulations shall not constitute a waiver of the right to do so thereafter.



17. AMENDMENT OF DECLARATION.

17.1 This Declaration of Condominium may be amended by approval of all institutional lenders holding first mortgage liens on parcels, the existing lender and:

a. not less than sixty-six and two-thirds percent (66 2/3%) of the entire membership of the Board of Directors which must include the approval by all Developer's representatives, if any, and not less than sixty-six and two-thirds percent (66 2/3%) of the votes of the entire membership of the Association; or

b. not less than fifty percent (50%) of the entire membership of the Board of Directors in the case of amendments that are only for one or more of the following purposes:

1. To correct misstatements of fact in the Declaration and its exhibits, including but not limited to, the correction of errors in the legal description of land or in surveys of land. If the amendment is to correct the Declaration of Condominium so that the total of the undivided shares of parcel owners in either the common elements, common surplus or common expenses shall equal 100%, the owners of the parcel and the owners of liens on the units for which modifications in the shares are being made also shall approve the amendment.

2. To change the boundaries between units provided the amendment is signed and acknowledged by the owners, lienors and mortgagees of the units concerned.

3. To adopt amendments of the section entitled "Insurance" that are reasonably required by insurers or mortgagees of condominium property; or

4. To make any changes and amendments required by the Florida Division of Land Sales and Condominiums.

17.2 Proviso: No amendment shall discriminate against any parcel owner nor against any parcel or class or group of parcels, unless the parcel owners so affected shall consent. No amendment shall change any parcel nor decrease the share in the common elements appurtenant to it, except as allowed by the phasing provisions of this Declaration or by Section 4.2, nor increase the owner's share of the common expenses, unless the owner of the parcel concerned and all record owners of mortgages on that parcel shall join in the execution of the amendment.

17.3 Apathy clause: Notwithstanding the foregoing provisions for amending this Declaration, amendments may also be made as follows:

a. The Board of Directors by a two-thirds (2/3) majority vote of the directors which must include approval by all the Developer's representatives, if any, must declare the proposed amendment to be an Important Issue.

b. The proposed amendment must be fully described in writing and its ramifications and its need explained.

c. The materials of 17.3,b, above, must be delivered to each owner and lender or other person who is allowed or required to vote on the amendment. A copy of this Section



17.3 shall also be included. Delivery shall be by registered mail with return receipt requested or by hand with signed receipt obtained.

d. Along with the materials above shall be sent a subsequent voting schedule established by the Board of Directors for re-voting the issue in case it should meet the requirements for re-voting but does not pass in earlier voting.

e. If at the time for approval the percentages required for approval are not obtained because not enough members voted but the percentage of those voting does meet the requirements, then the proposed change shall be re-voted at the time and the manner specified by the Board of Directors in the original notice. The issue may be re-voted repeatedly in accordance with the schedule laid down under d, above.

f. At each re-voting the total membership shall be treated as if reduced by one-third (1/3) from the previous voting round, or to the number actually voting in the new round, if greater; and the percentage approval shall be computed as if the lower number were the total membership; for example,

1. In the case of parcel owners where approval was previously required by two-thirds (2/3) of all affected owners a four-ninths (4/9) approval will suffice at the next voting provided the requirement of two-thirds (2/3) approval by those voting is also met. A second re-vote will require approval by eight twenty-sevenths (8/27) of those

eligible to vote provided two-thirds (2/3) of those voting approve; and so forth until the issue finally is approved or defeated.

2. In the case of mortgage lender or others whose 100% approval is required and the first vote requires 100% approval by 100% of them, a second vote shall require 100% approval by those responding but a response by two-thirds (2/3) of such mortgagees shall be sufficient for approval. Similarly, a second re-vote shall require 100% approval of those responding but votes by only four-ninths (4/9) of the total possible votes shall be sufficient for passage.

g. All vote taking, above, shall be done at a meeting open to all voters and the Board of Directors shall announce the results including the qualifications and need for a re-vote if such be the case. No further or additional notice shall be required.

h. In cases where approval by lenders is required in addition to approval by members, disapproval by either shall defeat the proposal. If, however, passage fails only because not enough votes were received, then subsequent votes shall be taken, as provided above, only as required to finally determine approval by lenders or members.

i. The provisions of this section shall apply to all voting matters concerning which the statutes allow the Declaration itself to establish the method of amendment including, specifically, termination of the condominium.

17.4 Certificate: An amendment adopted in any manner shall be evidenced by attaching a copy of the amendment to a certificate certifying that the amendment was duly adopted, which certificate shall be executed by the officers of the Association and contain an executed consent to the amendment signed by any affected mortgagees as set out in Paragraph 17.1 above, with the formalities of a deed. Each parcel owner shall be responsible for obtaining the consent of mortgagees on his or her parcel and shall make a reasonable effort to do so. The amendment shall be effective when the certificate and copy of the amendment are recorded in the Public Records of Lake County, Florida. If the amendment is to correct the Declaration of Condominium so that the total of the undivided shares of parcel owners in the common elements, common surplus, and common expenses shall equal 100%, only the owners of those parcels and the owners of liens upon those parcels for which modification in the shares are being made need execute the certificate.

18. TYPE OF OWNERSHIP. Conveyance of each condominium parcel shall be by deed from the Developer, or its successors, conveying a fee simple interest in each condominium parcel. There shall be included in each said parcel the undivided share in the common elements and common surplus herein specified, together with any limited common elements appurtenant to each said parcel. The common elements and surplus cannot be alienated from the condominium parcel by any single parcel owner acting alone.



19. TERMINATION. The condominium may be terminated with the written consent of all institutional owners of mortgages on all units in the condominium in the following manner, in addition to the methods provided by the Condominium Act and by 17.3 above:

19.1 Election of Termination: The owners of all units in the condominium may, by unanimous vote, remove from the provisions of the Condominium Act the condominium property and by recording an instrument to that effect with attached written consents by the institutional holders of all mortgages affecting any of the condominium parcels terminate the condominium according to the provisions of the Florida Statutes.

19.2 Certificate: The termination of the condominium shall be evidenced by a certificate of the Association executed by its President and Secretary or other authorized officer, and joined therein by all institutional mortgagees evidencing their consent thereto. At such time as that certificate and the consents of the mortgagees are filed for record in the Public Records of Lake County, Florida, the termination of the condominium shall take effect fully and completely.

19.3 Shares of Owners After Termination: After termination of the condominium, the parcel owners shall own the fee simple estate and improvements located thereon as tenants in common in undivided shares. The share percentages for each parcel shall be the same as the undivided

shares were for each parcel prior to the termination.

19.4 Duties of Owners after Termination: No termination shall be effective to terminate or modify the obligation of any owner to bear the specific share of the common costs which accrued prior to termination. Each interest arising as a result of any such termination and the owner thereof shall be chargeable and remain liable therefor to the same extent as hereinabove provided.

19.5 Maintenance and Operation of Storm Water Management System: In the event that the lands subject to this Declaration of Condominium are removed from the provisions of such Declaration by any method, including voluntary return by all parcel owners or the number required by statute, then, the Board of Directors of the Association is and shall be directed to dedicate the surface water management system, together with real and personal property appurtenant thereto, to the applicable municipal or governmental authority, or to a non-profit corporation or association established partly or wholly for the purpose of running and operating that system.

19.6 Amendment: This section concerning termination cannot be amended without consent of all parcel owners and of all record institutional holders of mortgages upon the parcels.

20. RIGHTS OF EXISTING LENDER. If the real property hereby submitted to condominium ownership is subject to a mortgage recorded in the Public Records of Lake County, Florida, and the existing lender, its successors or assigns, should foreclose its mortgage against any interests of the

Developer, the party acquiring title at the foreclosure sale, or the grantee in any deed in lieu of foreclosure, shall acquire all rights of the Developer herein set out in this Declaration and in the Bylaws, including but not limited to, the right to amend this Declaration and designate the Directors for the Association for the time period set out in the Bylaws. Neither the existing lender, nor any party acquiring title at the foreclosure sale, any grantee in and to any deed in lieu of foreclosure, nor their successors or assigns, shall have any of the duties or obligations imposed on the Developer by this Declaration or any of its attachments, except to the extent that the existing lender shall have hereafter expressly agreed to perform such duties and obligations. Any existing lender shall, in addition to the rights and privileges set out in this Paragraph, have all rights and privileges given elsewhere to any mortgagees of any parcel. This Paragraph shall not be subject to amendment, except that it shall become null and void upon satisfaction of the recorded mortgage which may have been given in favor of an existing lender.

21. ADDITIONS, ALTERATIONS AND/OR IMPROVEMENTS TO UNITS BY UNIT OWNERS. Any and all improvements, alterations, or additions to units by parcel owners, except the Developer, must be placed upon the unit only upon the approval by the Board of Directors as follows:

21.1 Architectural Review Committee: The Board of Directors of the Association for the condominium must



establish from its own body or from the parcel owners a committee for architectural review. Said committee for review of architectural drawings shall be established for the purpose of reviewing those improvements, additions, or alterations to a unit proposed by parcel owners above and beyond what the Developer has installed. A parcel owner desiring to make such changes shall give a full and complete description of them to an officer of the Association who shall give them to the Architectural review committee within five days. The architectural committee shall then make a recommendation on the proposals and submit the same to the Board within 21 days of receiving the material. Said Board shall then, within sixty (60) days after the original request by the parcel owner, give its consent or disapproval for the proposed improvement, additions or alterations. In the event it fails to give a consent or disapproval within the 60-day period, the parcel owner may deem his request irrevocably approved and proceed with the improvement. Approval by the Association shall not cause any liability to attach to the Association for any damage to others resulting from such improvements.

21.2 Unapproved alterations, improvements, and/or renovations: If in the event a parcel owner makes an improvement, alteration or addition to his unit and does not follow the approval procedure set forth above, the Board of Directors on its own motion may initiate the approval procedure at any time within one year of completion of said change and if it

disapproves the change such change may be declared an invalid improvement by the Board. In such event the unit owner shall alter or remove or modify the same to comply with the ruling of the Board of Directors. If the parcel owner fails to do so, the Board shall have the power to have the work done and assess the cost thereof against the parcel and the owner. Such an assessment may be assessed in the manner set forth in this Declaration and shall become a lien against the property as hereinabove set forth for other assessments.

22. ADDITIONAL PHASES OF CONDOMINIUM. Pursuant to Section 718.403 of the Florida Statutes, the Developer may but is not required to, develop an additional phase or phases on certain lands described by drawings attached to this Declaration as Exhibit "F". Those phases may include additions to or additional improvements on common areas and also the addition of units in several phases all as set forth in the said Exhibit F; and if the Developer elects to construct one or more of said phases, they shall be each completed substantially within the time limits set forth in said Exhibit, pursuant to the requirements of the Florida Statutes. Except as may be elsewhere provided, the Developer is not obligated to construct additional phases nor to add to or improve the common areas nor is Developer obligated to add phases in any particular sequence.

22.1 The number of the parcels in the phases set forth above, if elected, and the general size of the same are described on the plan attached hereto as Exhibit "F".

22.2 There shall be no time share estates created with respect to parcels in this or any phase.

22.3 The undivided share of the ownership of common elements, common expenses, and common surplus attributable to each parcel in the original phase of this Declaration shall be adjusted in a manner which properly demonstrates the proportion and interest of all parcels created by this Condominium Declaration and the amendments thereto. This adjustment of ownership shall automatically occur at such time as the amendment to this Declaration submitting any additional phase to condominium ownership is filed for recordation with the Public Records of Lake County, Florida, and shall be accomplished so that each parcel owner obtains the share which is set forth in Exhibits attached hereto and made a part of this Declaration, as amended from time to time. Said Exhibit or Exhibits, which shall be a part of the above-described amendment submitting the additional phase, shall supercede Exhibit "C", or its successor, and shall be binding upon each parcel owner, grantees of parcel owners, assignors, and personal representatives of each parcel which may have been previously submitted to condominium ownership.

The adjustment of ownership described above shall be computed on the basis of the new total ownership interests, as defined in Section 2.14, as follows: each new phase to be submitted to condominium ownership will increase the total number of ownership interests in existence by the



number of parcels of that phase, as listed in Exhibit "F".

Each new parcel thus created shall be granted one ownership interest, while each parcel existing previously shall retain its previous ownership interest without change. Each parcel, whether previously existing or newly added, shall have attributed to it an undivided share in the common elements, common expenses, and surplus equal to that parcel's ownership interest divided by the new total number of ownership interests as calculated above.

(For example, if there were 150 parcels prior to the addition of a new phase of 50 parcels, each old parcel which previously owned  $1/150$  of the commons would now own  $1/200$ . Each new parcel would also own  $1/200$  of the commons. If three old parcels had previously been combined into two, with the ownership interests equally divided, each of those two parcels would have previously owned  $1.5/150$  of the commons, and would now own  $1.5/200$ .)

22.4 There are certain areas and facilities for recreation and other benefit to the parcel owners to be owned in common under the original Declaration and other areas which may be submitted in later phases, and all such common areas are to be deemed held in condominium ownership as set forth above. In addition, as long as Developer holds one or more lots for sale, Developer reserves the right to add to or improve common areas at its own expense, under the terms and conditions stated below. All property constructed on condominium common areas and all personal property transferred by

Developer to the Association shall be deemed common property, whether said property was provided initially or at any time thereafter. All expenses of operation and maintenance of the property owned in common under the provisions stated herein shall be common expenses.

a. Developer hereby obligates itself to provide as common elements the following improvements and facilities, all of which shall be completed no later than December 31, 1983. Said improvements and facilities are as follows:

1. A central sewage treatment plant, holding pond and the land they occupy.

2. A waste collection system with lift stations, force mains and other needed appurtenances with land or easements as required for their installation.

3. Swimming pool, not to exceed 1,000 square feet, with required fencing, decking, and related personal property for maintenance and operation.

4. Four (4) shuffleboard courts, with associated equipment.

5. A spray distribution system for disposal of treated waste water. This is to be provided by Developer on land owned by Developer and dedicated to the servitude of the Association.

6. Main clubhouse building, not to exceed 5,000 square feet, with furnishings, drapes, kitchen equipment, and other necessary personal property.

7. A surface and storm water management system to include: streets, road swales and ditches; culverts; inlets and retention ponds.

b. The Developer hereby obligates itself to declare as condominium common area such amount of land as is required for the sprayfield described in Subsection (a) (5) above. This Declaration has not, and is not now, being made, but may, within 25 years of this date, be so declared if required, and if it is accepted by the condominium association. The land presently required for such use has been obtained for such purpose by a Declaration of Servitude granted by the Developer to the Association.

c. There may be material alterations or substantial additions to the common elements from time to time. As required by Chapters 718.110(4) and 718.113(b), Florida Statutes, such alterations or additions may be made only in accordance with the provisions which follow:

1. Any alteration or addition to the common elements may be accomplished, and any amendment to this Declaration necessitated thereby may be recorded, following approval by two-thirds (2/3) vote of the Board of Directors of the Association, provided that the following conditions are met:

a. No special assessment against the unit owners will be required for capital improvements, land acquisition or other expenditures associated with the proposed alteration or addition; and



b. There will be no material increase in the assessment charged against the unit owners as a result of operation, maintenance, or other expense to be incurred as a result of the proposed alteration or addition.

2. Any alteration or addition which does not meet both conditions above must be approved by two-thirds (2/3) vote of all unit owners prior to performance of the alteration or addition, and prior to recordation of any amendment to this declaration which may be necessitated by such alteration or addition.

22.5 All parcel owners in the additional<sup>d</sup> phase shall be members of the Association previously described and each such subsequent parcel owner shall have the same voting rights in the association as an owner of a parcel in the original phase as set forth herein and shall share pro rata the common areas and expenses as more fully detailed in amendments hereto from time to time. If any subsequent phase is not developed and added to the condominium, the voting and ownership rights of each parcel owner shall be as set forth in this Declaration, as it may have been amended, as though there were no such additional phases ever contemplated.

22.6 Notwithstanding any other provisions herein, the Developer herein reserves the right to amend this Declaration

one or more times so as to submit to condominium ownership the additional phases described in this Section 22 or Exhibit "F" attached. No consent of any parcel owners nor the Association nor any lender or lien holder, except the existing lender, shall be required for any of the additional phases substantially as described herein. At the time any amendment hereto is filed, the same shall include such plot plans, surveys, certificates, and documents as are required by the Condominium Act. Said amendment shall be executed by the Developer and joined in by the existing lender as required by Statute. Notwithstanding the other provisions of this Paragraph and except for the requirement elsewhere set forth pertaining to sprayfield land, nothing contained herein shall create any legal duty or responsibility of the Developer to submit any of the land for additional phases to condominium ownership. The Developer may withhold the Declaration of said real property to condominium ownership and the Developer shall not be required to execute any document which would be a limitation, restriction, dedication, or conveyance of the property unless voluntarily accomplished.

22.7 The units of this condominium as declared, and proposed for additional phases, each contain approximately 7,000 to 8,000 square feet of real property. No unit as declared contains a structure or building, but rather is a condominium unit of real property to which is appurtenant an undivided interest in the common property, the total being a condominium parcel.



22.8 All construction of the entry and other roads shall be in accordance with the technical specifications set forth in the several sections of Article IX of the Lake County Sub-division Regulations as it may be amended, or its successor. Waste water collection and treatment systems shall be constructed in accordance with Chapter 1-6 of the Lake County Rules and Regulations and Chapter 17-6 of the Florida Administrative Code. Water supply systems will be constructed in accordance with Chapter 17-22 of the Florida Administrative Code.

23. SEVERABILITY. The invalidity in whole or in part of any covenant or restriction, or any section, subsection, sentence, clause, phrase or word, or other provision of this Declaration of Condominium or the Articles of Incorporation, or Bylaws of the Association shall not affect the validity of the remaining portions.

IN WITNESS WHEREOF, the Developer has executed this Declaration of Condominium the day and year first above written.

Signed, Sealed and Delivered SCOTTISH HIGHLANDS, INC.  
in the Presence of:

[Signature]

By: John A. Pringle  
JOHN A. PRINGLE, President

[Signature]

Attest: Rosemary S. Purdum  
(corporate seal)



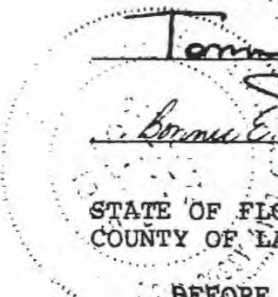


The purpose of the joinder by the existing lender, FIRST FAMILY FEDERAL SAVINGS AND LOAN ASSOCIATION, is to comply with the requirements of 718.104 of the Florida Statutes and not for the purpose of guaranteeing the undertaking of the Developer.

Signed, Sealed and Delivered in the Presence of: FIRST FAMILY FEDERAL SAVINGS AND LOAN ASSOCIATION

Tommy E. Stephens By: David M. Shepherd, SENIOR VICE PRESIDENT

Bonnie E. Daddier Attest: L. J. Jankovics, SECRETARY



STATE OF FLORIDA  
COUNTY OF LAKE

BEFORE ME, the undersigned authority, personally appeared JOHN A. PRINGLE and ROSEMARY P. PURDUM, the President and Secretary, respectively, of SCOTTISH HIGHLANDS, INC., the Developer, known to me to be the persons described in and who executed the foregoing Declaration of Condominium under authority duly vested in them, and they acknowledged before me that they executed the same for the purposes therein expressed.

WITNESS my hand and official seal in the State and County last aforesaid this 2nd day of February, 1983.

Robert Duggan  
Notary Public

My Commission Expires: March 7, 1983



STATE OF FLORIDA  
COUNTY OF LAKE

BEFORE ME, the undersigned authority, personally appeared DAVID M. SHEPHERD and HOPE S. ZALESKI, the SENIOR VICE PRESIDENT and SECRETARY, respectively, of FIRST FAMILY FEDERAL SAVINGS AND LOAN ASSOCIATION, known to me to be the persons described in and who executed the foregoing Declaration of Condominium under authority duly vested in them, and they acknowledged before me that they executed the same for the purposes therein expressed.

WITNESS my hand and official seal in the State and County last aforesaid this 3rd day of February, 1983.

Frankie M. Branson  
Notary Public

My Commission Expires:

NOTARY PUBLIC STATE OF FLORIDA AT LARGE  
MY COMMISSION EXPIRES OCT. 2 1985  
BONDED THRU GENERAL INS. UNDERWRITERS

THIS INSTRUMENT PREPARED BY:  
J. Robert Duggan, Esquire  
P. O. Box 904  
Leesburg, Florida 32748