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A Traditional Neighborhood
Development

DECLARATION
of
Charter, Easements,
Covenants and Restrictions

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Schedule of Exhibits:

- Exhibit A: Articles of Incorporation of the Aragon Neighborhood Association, Inc.
- Exhibit B: Bylaws of the Aragon Neighborhood Association, Inc.



A Traditional Neighborhood Development

DECLARATION

of

Charter, Easements,
Covenants and Restrictions

THE ARAGON GROUP AT PENSACOLA, INC., a Florida corporation to be known as the "Founder," makes this Declaration on the 11th day of JULY, 2000.

STATEMENT OF PURPOSE:

- A. The Founder is developing upon real property in Pensacola, Florida, a new traditional neighborhood development to be known as Aragon.
- B. The master plan for Aragon calls for creation of a new neighborhood, with walkable streets, parks, businesses, and a range of housing types. Unlike typical suburbs which separate homes from businesses and force dependence on the automobile, the Aragon design is intended to mix commercial, civic and residential uses in a way which enlivens the community.
- C. The portion of the master plan area which is south of Romana Street is within the Historic Pensacola Preservation District and continues its street pattern and historic building design. The portion of the master plan area which is north of Romana Street is within the Gateway Redevelopment District. Each is subject to special zoning provisions.
- D. Aragon is subject to Master Deed Restrictions, recorded immediately prior to this Declaration, which regulate the construction and modification of buildings and other improvements within Aragon.
- E. Most streets, sidewalks and the park within Aragon will be dedicated to the public. The neighborhood association will own and maintain any streets, alleys, sidewalks, recreational facilities and parks within Aragon which are not dedicated to the public.

F. The Founder records this Declaration for this new community and establishes an owners' association to enhance community life, to establish and enforce certain covenants and restrictions, to provide for further maintenance of the community, and to allow for self-governing of the neighborhood by its owners.

DECLARATION:

The Founder, who is the owner of all of the property subject to the plat of Aragon recorded at Plat Book 16, Page 84, 84A and 84B of the public records of Escambia County, Florida (the "Initial Plat"), hereby submits the Initial Plat to this Declaration of Charter, Easements, Covenants and Restrictions. The Initial Plat specifically excludes a portion in the southeast corner, which is subject to future development. The Initial Plat also excludes an area described as the North Parking Tract X.

The Founder hereby declares that the property comprising the Initial Plat and any property subsequently made subject to this Declaration (collectively, the "Neighborhood") shall be held, sold and conveyed subject to the covenants, restrictions and easements of this Declaration, which shall run with the land and be binding on all parties and heirs, successors and assigns of parties having any right, title or interest in all or any part of the Neighborhood.

ARTICLE I: Definitions

The following definitions apply wherever the capitalized terms appear in this Declaration. Additional terms which apply only to one article are defined the first time they appear.

1.1 Aragon Architectural Review Board. The "Aragon Architectural Review Board" is the panel established to administer the Aragon Design Code, as established by the Master Deed Restrictions and described in Article V.

1.2 Aragon Design Code. The "Aragon Design Code" establishes the plan for the development of Aragon through its regulation of land use, architecture and environment. The Aragon Design Code, as originally adopted by the Founder as provided in the Master Deed Restrictions and as amended from time to time, comprises the following:

(a) The Regulating Plan, which depicts the streets, Commons, and residential, commercial and civic use lots for the property encompassed by the Master Plan Area;

(b) The Urban Regulations, which establish setbacks, lot coverage and other similar matters;

(c) The Architectural Styles, which reflect the general styles, patterns and primary building styles of the Seville Historic District and the North Hill District;

(d) The Architectural Standards, which guide the design of buildings and describe the materials of which buildings may be constructed;

(e) Landscaping Requirements, which regulate the planting of new trees and plants;
and

(f) Architectural Review Process, which details the steps for approval.

The Aragon Design Code does not need to be recorded to be effective but shall be available from the Aragon Architectural Review Board.

1.3 Articles. "Articles" are the Articles of Incorporation of the Association, which are attached as Exhibit A to this Declaration.

1.4 Assessments. "Assessments" is the collective term for the following Association charges:

a) General Assessment. The "General Assessment" is the amount allocated among all Members to meet the Association's annual budgeted expenses, as described in Section 9.3.

b) Individual Parcel Assessment. An "Individual Parcel Assessment" is a charge made to a particular Parcel Owner for charges relating only to that Parcel, as provided in Section 9.5, or for Zone charges.

c) Special Assessment. A "Special Assessment" may be charged to each Parcel for capital improvements or emergency expenses, in accordance with the provisions of Section 9.4.

1.5 Association. "Association" is the Aragon Neighborhood Association, Inc., a Florida nonprofit corporation, its successors and assigns. The Association, whose members are the Owners, is responsible for maintaining the Neighborhood and enforcing the Declaration.

1.6 Board. "Board" is the Board of Directors of the Association.

1.7 Building. "Building" is any residential, mixed-use or commercial building constructed on any Lot. If permitted by the Aragon Design Code, a Building may be attached to another Building and share party walls. The Aragon Design Code may permit the construction of two or more Buildings or two or more dwelling units on a Lot.

1.8 Bylaws. "Bylaws" are the Bylaws of the Association. The form of the initial Bylaws, as proposed, is attached as Exhibit B to this Declaration.

1.9 Commons. "Commons" comprises real property within the Neighborhood designated on the Initial Plat (or any subsequent plat), or specifically conveyed to the Association, for the common use and enjoyment of all Owners. "Commons" also include any improvements on that real property, all utilities, utility easements and other easement rights or personal property for the Owners' common use, and any other property of any type specifically designated as Commons. The Commons may include areas dedicated to the public, to the extent that the Association agrees to maintain, or is required by this Declaration to maintain, such property.

1.10 Common Roads. "Common Roads" are the streets and alleys located within the Neighborhood which are intended for automobile traffic. Most of the Common Roads are intended to be dedicated to the public. Any Common Roads not dedicated to the public shall be part of the Commons.

1.11 Declaration. "Declaration" is this Declaration of Charter, Easements, Covenants and Restrictions for Aragon.

1.12 Founder. The "Founder" is The Aragon Group at Pensacola, Inc., a Florida corporation, its successors and assigns.

1.13 Initial Plat. The "Initial Plat" is all of the property subject to the plat of Aragon recorded at Plat Book 16, Page 84, 84A and 84B of the public records of Escambia County, Florida (the

“Initial Plat”). The Initial Plat specifically excludes a portion in the southeast corner, which is subject to future development. The Initial Plat also excludes an area described as the North Parking Tract X.

1.14 Lot. A “Lot” is a parcel of land intended for a single building, or a building and an outbuilding. Lots are designated as numbered or lettered, separately identifiable parcels on the recorded subdivision plat of Aragon.

1.15 Master Deed Restrictions. The Founder, as the grantor of deeds within the Initial Plat, has recorded an instrument immediately prior to this Declaration known as the Master Deed Restrictions. The Master Deed Restrictions, which apply to all deeds granted within the Initial Plat, are intended to ensure the proper application of the Aragon Design Code during the development stage and to impose other restrictions designed to further the development of the community.

1.16 Master Plan. The Master Plan is the initial plan for the development of the Master Plan Area. The Master Plan is subject to change based on market conditions, governmental requirements and other modifications which may be made as development progresses if approved by the city and the Community Redevelopment Agency.

1.17 Master Plan Area. The Master Plan Area comprises approximately 20 acres, which is that property shown on the Initial Plat, plus the excluded area for Future Development and the additional excluded area labeled North Parking Tract X, all of which is intended for development as a single, unified traditional neighborhood development. The Founder has submitted most of the Master Plan Area to this Declaration. The Founder may submit the Future Development Area, which is presently intended as a primarily commercial portion to be known as Privateers Alley, to this Declaration or to a separate declaration.

1.18 Member. Each Owner is a “Member” of the Association, as provided in Article VII of this Declaration.

1.19 Mortgagee. A “Mortgagee” is any institutional lender which holds a bona fide first mortgage encumbering a Parcel as security for the performance of an obligation. The term “institutional lender” specifically includes a bank, savings and loan association, a mortgage lending company, an insurance company, and the Federal National Mortgage Association or similar agency.

1.20 Neighborhood. The “Neighborhood” is the real property shown on the Initial Plat. The Neighborhood shall also include any additional property added by Supplemental Declaration.

1.21 Neighborhood Meeting. The “Neighborhood Meeting” is the public meeting of Members for discussion and voting, as described in Article VIII.

1.22 Owner. “Owner” is the record owner, whether one or more persons or entities, of the fee simple title to any Parcel. Owners shall not include those having such interest merely as security for the performance of an obligation.

1.23 Parcel. A “Parcel” is the smallest piece of real property which may be separately conveyed. A Parcel may be a Lot (whether or not improved by a Building), a Residential Unit or a Special Use Parcel.

1.24 Residential Unit. A “Residential Unit” is an individual dwelling unit and shall include a townhouse or other attached dwelling (such as each half of a duplex unit), an apartment or condominium unit, a residential dwelling within a mixed-use building, or an assisted living facility unit (but not a nursing home).

1.25 Special Use Parcel. A "Special Use Parcel" is a Lot of unconventional size, shape, location or use which calls for special design considerations. Typically, a Special Use Parcel will be used for commercial purposes, multi-family residential or community or recreation facilities.

1.26 Supplemental Declaration. "Supplemental Declaration" is any declaration which may be recorded by the Founder or the Association in accordance with Section 2.2 to add Additional Property to the Neighborhood.

1.27 Zone. "Zones" are smaller, contiguous areas within the Neighborhood of distinct building type or character. Owners of property within a Zone may be assessed for maintenance of property primarily serving that Zone.

ARTICLE II:
Property comprising the
Neighborhood

The Neighborhood is intended to include offices, restaurants, shops, recreation facilities and other commercial and civic areas, as well as residential streets. This article describes the real property of which the Neighborhood will initially be comprised, provides the method by which additional property may be added and establishes necessary easements.

2.1 Initial Property. The real property which shall be held, transferred, conveyed and occupied subject to this Declaration consists initially of that real property defined as the Initial Plat.

2.2 Master Plan Area.

(a) Development Plan. The property which comprises the Master Plan Area is intended for development as a single, unified traditional neighborhood development and is intended to include residential, mixed-use and commercial properties. The area excluded from the southeast corner of the Initial Plat and labeled for Future Development is intended to be a primarily commercial area to be known as Privateers Alley. This portion of the Master Plan Area may be submitted to this Declaration in accordance with Section 2.3, or may be submitted to a separate declaration and maintained by a separate association or other entity.

(b) Governmental Regulation. The portion of the Master Plan Area which is south of Romana Street is within the Historic Pensacola Preservation District. It continues the street pattern and historic building design of that historic district, and is subject to special zoning provisions. The portion of the Master Plan Area which is north of Romana Street is within the Gateway Redevelopment District, and is subject to special zoning provisions regarding the redevelopment district. The entire Master Plan Area is subject to a development agreement with the Community Redevelopment Agency of the City of Pensacola, Florida.

2.3 Additional Property.

(a) By the Founder. The Founder shall have the right, but not the obligation, for a period of thirty (30) years from this date, from time to time in its sole discretion, to add to the Neighborhood any part of the Master Plan Area. This reserved development right may be exercised with respect to different portions of the Master Plan Area at different times. No assurances are made as to the boundaries of those portions or order in which the portions will be added. Exercising any development right in any portion of the Master Plan Area does not necessarily mean the right will be exercised in the remainder of the Master Plan Area.

The Founder may also add to the Neighborhood contiguous property, property any portion of which is within one-half mile of any portion of the Neighborhood (including any property

separated from the Neighborhood by a public street, body of water or other property) or any other property with a reasonable relationship to the Neighborhood. The Founder may also add individual residential dwelling units (such as apartment or condominium units above stores or offices) which are within primarily commercial portions of the Master Plan Area, even if the land surrounding the units is not added.

(b) By Members. Additional property of any type may be added to the Neighborhood by a majority vote of the Board.

(c) Supplemental Declaration. A Supplemental Declaration adding the additional property shall become effective upon being recorded in the county's public records.

(d) Special Provisions. The Supplemental Declaration may modify or add to the provisions of this Declaration if needed to reflect the different character of the additional property. A Supplemental Declaration may define Zones; may designate certain Commons as "Zone Commons" for the use of certain Zones; and may create an assessment procedure by which certain Zones are assessed separately for Zone Commons. However, no such Supplemental Declaration shall deny use of existing Commons to those Owners who had such right prior to the recording of the Supplemental Declaration. A Supplemental Declaration may also create Zone advisory councils or create a plan for election of the Board of Directors which includes district representation. If individual residential dwelling units which are within primarily commercial portions of the Master Plan Area are added, the amount of assessments to be paid by such units may be reduced, based upon a reasonable estimate of the units' usage of the Commons.

2.4 Easements in Favor of the Association. The Founder hereby reserves for the Association and its assigns the following easements, which shall benefit the Neighborhood:

(a) Utility Easements. A blanket easement upon, across, over, through, and under the Neighborhood for ingress, egress, installation, replacement, repair and maintenance of all public and private utility and service systems. These systems include, but are not limited to, water, sewer, irrigation systems, drainage, telephone, electricity, television, security, cable or communication lines and other equipment. By virtue of this easement the Association, and its successors or assigns, may install and maintain facilities and equipment, excavate for such purposes and affix and maintain wires, circuits and conduits. However, the exercise of this easement must not unreasonably disturb each Owner's right of quiet enjoyment of his Parcel.

(b) Police Powers. A blanket easement throughout the Neighborhood for private patrol services, and for police powers and services supplied by the local, state and federal governments. The reservation of such easement does not imply that any such service shall be provided.

(c) Drainage, Erosion Controls. A blanket easement and right on, over, under and through the ground within the Neighborhood to inspect, maintain and to correct drainage of surface water and other erosion controls. This easement includes the right to cut any trees, bushes or shrubbery, grade soil, or to take any other action reasonably necessary for health or safety or to comply with governmental requirements. The Association shall notify affected Owners (except in an emergency) and shall restore the affected property to its original condition as nearly as practicable.

(d) Encroachment. An easement for any improvements constructed on the Commons which encroach on any Parcel, whether due to any minor deviation from the subdivision plat of the Neighborhood or the settling or shifting of any land or improvements.

(e) Maintenance of Commons. To the extent reasonably necessary, an easement over any Parcel for maintenance of the Commons.

2.5 Relationship between Lots.

(a) Intent. The design for Aragon is intended to maximize land usage and sense of community by providing gracious squares and parks while offering small, private yards for individual use. As provided by the Aragon Design Code, buildings within the Neighborhood may be townhouses, or may be placed on or near the property line. The easements in this Section 2.5 are intended to provide guidelines for reasonable cooperation between neighbors. The Association may make rules for maintenance and use of easement areas and shared improvements which shall be applied uniformly to all Lots similarly configured.

(b) Lot Lines. Lots may not be subdivided or separated into smaller Lots, or any portion of a Lot separately conveyed, except by the Founder or with the specific consent of the Aragon Architectural Review Board. However, this shall not prohibit corrective deeds or similar corrective instruments. The Founder may redefine Lots prior to sale by dividing or combining Lots or portions of Lots and adjusting the boundary of a Lot. The Founder shall also have the right to modify subdivision plats of the Neighborhood to make adjustments to Lot boundary lines with consent only of those Owners whose Lot boundaries are to be changed. The division or combination of Lots may be subject to zoning or other governmental regulation, which may require, among other things, that the number of dwelling units not be reduced if Lots are combined.

(c) Structural Party Walls. Each Owner grants to the Owner of each adjacent Lot the right and easement to maintain and to utilize any exterior or interior wall of a Building which forms a party wall between them. A wall will be considered a party wall only if it provides structural support for the Buildings, or parts of a Building, on more than one Lot. Maintenance of the surface of the party wall shall be the sole responsibility of the Owner whose Building faces such wall. Each Owner shall be liable and responsible if, in connection with that Owner's use and maintenance of the party wall, the Owner damages the adjacent Owner's Lot or the wall itself. The cost of any other repairs to the party wall shall be shared equally by the adjacent Owners.

(d) Exterior Walls along a Lot Line. An exterior wall which supports the Building on only one Lot, or which encloses a courtyard on one Lot, shall not be considered a party wall. The Association may make rules and regulations concerning use and maintenance of such walls, including assigning responsibility between the adjoining owners for painting and repair and granting access over the adjoining Lot as reasonably necessary to maintain the wall. All such maintenance and repair shall be in accordance with the Aragon Design Code.

(e) Yard Easements. To allow most efficient use of a Lot while complying with governmental setback requirements, a portion of a Lot along a Lot line may be subject to an easement for use by the adjoining Lot Owner. Such easements may be designated on the plat, the Aragon Design Code or on the deed from the Founder to the first Owner other than the Founder. Such use easements may be up to four feet wide and shall run along a boundary line, but shall not encroach upon more than one boundary line. In addition, the Owner of such a Lot subject to an easement shall be the beneficiary of a similar easement along another portion of the Lot, unless the Lot is a corner Lot or is larger than the surrounding Lots. Subject to regulation under the Aragon Design Code, the beneficiary of such an easement shall have the use and maintenance responsibility for the easement area and may place air-conditioning equipment, fences, decks or patios and other fixtures (but not a primary structure) upon the easement area.

(f) Roof Overhang; Footings. For certain building types, such as sideyard houses, which are to be built along a property line, the Aragon Design Code may permit roofs, gutters, soffits and downspouts to overhang this property line, and may allow footings and rain leaders to intrude below the surface of the same property line. To the extent allowed by the Design Code

and local governmental regulations the adjacent property shall be subject to an easement for such intrusion. However, roofs, gutters, downspouts and rain leaders may not discharge water onto adjacent property.

(g) Townhouse or Row house Roof. If a townhouse or row house wall or parapet is constructed along or very near the property line, the owner of the townhouse or row house to be constructed on the adjacent property shall have the right to flash into the existing building, in accordance with industry standards and in order to make the new building watertight. This right shall include the right to make minor cuts on the existing building and to secure flashing or other materials to the existing building, so long as the structural integrity and watertightness of the existing building is not impaired. The cost for flashing shall be incurred by the owner of the new building, but the maintenance of this connection shall be a shared expense between adjacent property owners.

2.6 Zones.

(a) Intent. Zones are intended to provide a flexible means for providing additional maintenance or capital improvements for a small portion of the Neighborhood which has special needs. For instance, an intensely commercial area may constitute a separate Zone. Owners of property within a Zone may be assessed for maintenance of property primarily serving that Zone.

(b) Designation. Zone boundaries may be designated at the time of the addition of the property by Supplemental Declaration, or at any later time by the Board.

(c) Characteristics. To the extent reasonably possible, all Parcels on both sides of a street shall be included within the same Zone. Separate Zones may be created if the street is interrupted by cross streets, by changes in topography or by Commons, or if Parcels on opposing sides of the street are of significantly different character.

ARTICLE III: Allocation of Expenses

The Declaration provides a formula for allocating interests among the Parcels for assessment of common expenses.

3.1 Generally. The common expenses of the Association shall be allocated among the Parcels in accordance with the relative values described in Section 3.2. The fractional allocation of the common expenses of the Association may be calculated for each Parcel by dividing the value assigned that Parcel by the sum of the values of all Parcels within the Neighborhood.

3.2 Assignment of Values. Parcels shall be assigned relative values as follows:

(a) Lots. All platted Lots other than Special Use Parcels, whether improved or unimproved, shall be assigned an equal value, except the following lots, which shall be assigned a value equal to 80% of the standard value: All Lots in Blocks A, B, C and D, Lots 1-4 in Block F and Lots 6-10 in Block H. If the Lot has been divided into separately conveyed Residential Units, the assessment for the Lot shall be divided among the Residential Units as determined among them.

(b) Special Use Parcels. Assessments for Special Use Parcels shall be determined by the Founder based on the anticipated use of the parcel.

(c) Founder-Owned Parcels. Parcels owned by the Founder shall be assessed the same as other Parcels except during a Guarantee Period, as described in Section 9.2.

(d) Combined Lots. If the Founder or an Owner combines or subdivides Lots or parts of Lots, the Association shall assess them based on the original number of Lots, unless the Association institutes a new policy in accordance with regulations consistently applied.

(e) Exempt Parcels. Parcels which are used by non-profit entities primarily for the benefit of residents of the Neighborhood may have a zero allocation. The Founder may grant such exempt status of record at any time up to and including the time of conveyance of the parcel to someone other than the Founder. Once granted, such exempt status shall continue so long as the use of the Parcel remains substantially the same. The Association also has the authority to grant exempt status for qualified entities upon terms and conditions established by the Association.

3.3 Additional Property. If Parcels of substantially different size or use are created within Additional Property, the Founder may by Supplemental Declaration establish a different relative value for those Parcels based on a reasonable determination of the expected usage levels consistent with the determination for other properties within the Neighborhood. If individual residential dwelling units which are within primarily commercial portions of the Master Plan Area are added and the property surrounding such units is not added, the amount of assessments to be paid by such units may be reduced, based upon a reasonable estimate of the units' usage of the Commons.

ARTICLE IV: | *Certain property within the Neighborhood and certain
Commons | easement rights, called the "Commons," are to be owned
and maintained by the Association for the benefit of all
Owners.*

4.1 Title.

(a) Association-Owned Commons. The Association shall hold title to certain Commons. For those portions of the Commons which consist of easements and other rights, the Association shall be the holder of those rights.

(b) Additional Commons. The Founder may convey to the Association additional Commons which the Association shall accept for maintenance.

4.2 Maintenance; Capital Improvements.

(a) Generally. The Association shall be responsible for the management, control and improvement of the Commons and shall keep the Commons attractive, clean and in good repair.

(b) Capital Improvements. Subject to the approval of applicable agencies, the Association may make capital improvements to the Commons and may modify the uses of the Commons. For example, the Association may add new recreational facilities (which improvements must be approved in accordance with the architectural review provisions of the Master Deed Restrictions). Expenses for substantial capital improvements must be approved in accordance with Section 8.6.

4.3 Owners' Easements of Access and Enjoyment.

(a) Commons. The Founder hereby grants and conveys to every Owner a right and easement of appropriate use and enjoyment of the Commons, subject to the Association's right of regulation in accordance with this Declaration and the Founder's right to use the commons as provided in paragraph 4.4 (c), and subject also to any limitations contained in the conveyance of

those Commons to the Association. These easements shall be appurtenant to and shall pass with title to every Parcel.

(b) Tenants, Guests. Any Owner may delegate, subject to the provisions of this Declaration, the Bylaws and the Rules and Regulations, his right to enjoyment to the Commons to the members of his family, his tenants or his guests who reside on the Parcel or are accompanied by the Owner. The Association may adopt rules to prohibit or restrict use of the Commons recreational facilities by a non-resident Owner whose dwelling has been leased to a tenant, except when the Owner is a bona fide guest of the tenant.

4.4 Use of Commons.

(a) Members' Benefit. The Association shall maintain the Commons for the benefit of its Members.

(b) Non-Members. The Association may permit limited use and access for all or a portion of the Commons which are not dedicated to the public, through the sale of club memberships or other fees. Any such revenue shall benefit the Association.

(c) Open-Air Market and Festivals. The Founder reserves, for itself or its various assigns, the right to use portions of the Commons as an open-air market for the rental of space for pushcarts, kiosks, stands or similar temporary sales structures. Such uses may be for special events or on a recurring or daily basis. Founder also reserves, for itself or its various assigns, the right to use portions of the Commons for festivals or other events intended to enrich and enliven the community. Founder further reserves a right of access through the Commons for all such purposes. Founder may, but is not obligated to, assign such rights to the Association at any time.

(d) No Commercial Use. Except as specifically permitted by this Declaration, there shall be no commercial use of the Commons, nor shall the Commons be subdivided or sold.

4.5 Common Road Regulation. To the extent permitted by the City of Pensacola, the Association may make rules and regulations concerning driving and parking within the Neighborhood, and may construct traffic calming devices as approved by the Neighborhood Architect, post speed limit or other traffic signs and take any other reasonable measures to discourage excessive speed and encourage safe driving on the Common Roads. To the extent permitted by the City of Pensacola, the Association may enforce any violation in accordance with Section 10.8 and may tow offenders.

4.6 Surface Water or Stormwater Management System. The Association shall have the power and duty to maintain proper drainage within the Neighborhood in accordance with the Stormwater Erosion Control Plan approved by the Florida Department of Environmental Protection, as amended from time to time. All Owners and builders shall be required to comply with the Stormwater Erosion Control Plan. In the exercise of this power and duty, the Association shall have a blanket easement and right on, over, under and through the ground within the Neighborhood to maintain and to correct drainage of surface water. This easement includes the right to cut any trees, bushes or shrubbery, grade soil, or to take any other action reasonably necessary for health or safety or to comply with governmental requirements.

4.7 Damage or Destruction of Commons by Owner. If any Owner or any of his guests, tenants, licensees, agents, employees or members of his family damages any of the Commons as a result of negligence or misuse, the Owner hereby authorizes the Association to repair the damage. The cost of repair shall be the responsibility of that Owner and shall become an Individual Parcel Assessment payable by the responsible Owner. The Association may, but is not required to, seek

compensation for damage from the guest, tenant or other party who caused the damage, in which case the Owner shall be jointly and severally liable.

4.8 Limitation of Liability. The Association shall use reasonable judgment in providing security, maintaining the Commons and enforcing traffic control measures, but neither the Association nor the Founder makes any representation or assumes any liability for any loss or injury.

ARTICLE V:
Community Planning and
Administration of The
Design Code

Aragon will be built by many different owners, architects and builders. Each of these individuals will contribute to the shaping of the final community.

The Aragon Design Code communicates the elements which are essential for creating the community. Within these essential elements, there is room for the creative and individual design which vitalizes the community.

5.1 Master Deed Restrictions. The Master Deed Restrictions establish the Aragon Design Code as the guide for all construction within Aragon, provide for a Neighborhood Architect to administer the Aragon Design Code, and create the Aragon Architectural Review Board. All construction or modification, any tree removal or any material alteration of the landscaping or topography of any Lot or Commons must be approved in advance by the Aragon Architectural Review Board.

5.2 Binding Effect. The Master Deed Restrictions, which are recorded in the public records, are binding upon all of the property in the Master Plan Area. Unless a notice is recorded specifically to the contrary, the submission of additional property to the Declaration for Aragon shall automatically extend the provisions of the Master Deed Restrictions to the additional property.

5.3 Assignment to Association. The Master Deed Restrictions provide for the Founder's enforcement of the Aragon Design Code during the development period. At the end of the development period, the Founder shall assign to the Association its rights to enforce the Aragon Design Code, as provided in the Master Deed Restrictions. Upon such assignment or if for any reason the Founder is unable or unwilling to perform its powers under Articles I and II of the Master Deed Restrictions, the provisions of Articles I and II of the Master Deed Restrictions shall become part of this Declaration as if originally included. At that time, the Association shall have and assume the responsibility of appointing a Neighborhood Architect and members of the Aragon Architectural Review Board and enforcing all violations of Articles I and II of the Master Deed Restrictions with all of its powers under the Master Deed Restrictions and this Declaration.

ARTICLE VI:
Owners' Association

The Association is responsible for maintaining the Neighborhood and enforcing the Declaration. While the Founder will control the Association during the early development stage, the owners themselves will be responsible for the continuation of the community through their participation in the Association.

The Articles and Bylaws of the Association, which create the Association as a non-profit corporation and provide certain procedures for its corporate organization, are attached as exhibits to this Declaration.

6.1 Duties. The Association shall maintain, repair and replace the Commons, shall enforce the terms of this Declaration, and shall perform all other duties required by this Declaration or by Florida law, by the City of Pensacola and by other government entities having jurisdiction.

6.2 Additional Powers. To the extent permitted by governmental authorities, the Association may, but is not obligated to, provide the following services or engage in the following activities:

(a) water, sewer, irrigation systems, drainage, telephone, electricity, television, security, cable television or communication lines and other utility services; supply of irrigation water; garbage and trash collection and disposal; laundry equipment or service;

(b) insect and pest control; improvement of vegetation and wildlife conditions; forestry management, pollution and erosion controls;

(c) emergency rescue, evacuation or safety equipment; fire protection and prevention; lighting of Common Roads which are not dedicated roads; restricted or guarded entrances, traffic and parking regulation and security patrols within the Neighborhood;

(d) transportation; day care and child care services; landscape maintenance; recreation, sports, craft and cultural programs; and newsletters or other information services;

(e) maintenance of easement areas, public rights-of-way and other public or private properties located within reasonable proximity to the Neighborhood if its deterioration would affect the appearance of or access to the Neighborhood; and

(f) any other service allowed by law to be provided by a homeowners' association organized under Florida law.

The Board may, by majority vote, initiate or terminate any of the above services, which shall take effect sixty (60) days after notice to the Members, except in an emergency. As determined by the Board depending upon the nature of the service, such additional services may be part of the common expenses of the Association, may be assessed as an Individual Parcel Assessment to affected Parcels, or may be provided on a fee-for-service or other reasonable basis. If requested by petitions signed by at least 10% of the Members, a Neighborhood Meeting may be called and, if a quorum is present, the Board's action to initiate or terminate an additional service under this Section 6.2 shall be repealed by majority vote of the Members. Upon such repeal, the Board may not reinstitute or terminate the service for five years unless also approved by majority vote of the Members.

6.3 Contracts. The Association may contract with any party, including the Founder, for the performance of all or any portion of the management of the Association and its maintenance and repair obligations. The cost of the contract shall be included within the General Assessment, Special Assessment or Individual Parcel Assessment as applicable. The Association may require that Owners contract for certain routine yard maintenance, in order to provide a uniform level of care. The Association also may, but is not obligated to, act as agent for an Owner, if so requested by that Owner, to contract for routine maintenance and other services not required to be provided by the Association, the cost of which would be assessed to that Owner as an Individual Parcel Assessment. The terms and conditions of all such contracts shall be at the discretion of the Board.

6.4 Membership. Every Owner shall be a mandatory Member of the Association. Membership shall be appurtenant to and may not be separated from title to any Parcel.

6.5 Voting Rights. Each Member shall have one per Lot, subject to the Founder's rights under Section 6.7 ("Founder's Selection of Initial Board"). If the Lot has been divided into separately conveyed Residential Units, the vote for the Lot shall be divided among the Residential Units as determined among them.

6.6 Exercise of Vote. When more than one person holds an interest in any Parcel, all such persons shall be Members. However, the number of votes for that Parcel shall not be increased, and the Members must determine among themselves how the Parcel's vote may be exercised. Corporations, partnerships and other entities shall notify the Association of the natural person who shall exercise its vote. To the greatest extent permitted by law, the Association may institute voting by electronic or other means.

6.7 Election of Board of Directors.

(a) Procedure. Elections shall be conducted in accordance with the Bylaws.

(b) Initial Selection by Founder. The Founder shall appoint and remove the initial officers and members of the Board and may elect a majority of the Board until sixty days after 75% of the buildings indicated by the Master Plan have been completed and conveyed to Owners other than the Founder or the builder. Any land within the Master Plan Area which is developed but which is not submitted to this Declaration shall be removed from the Master Plan for purposes of this calculation. When used in this paragraph, "buildings" shall include both detached buildings and Residential Dwelling Units, but not outbuildings. The Founder may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of the control period, in which case the Founder reserves the right to record an instrument specifying that, until the time Founder would have been required to end control of the Board, certain actions of the Association or Board must be approved by the Founder before they become effective.

(c) Owner Representative. No later than sixty days after at least twenty (20) buildings (both detached buildings and Residential Dwelling Units, but not including outbuildings) have been completed and conveyed to Owners other than the Founder or the builder, Parcel owners other than the Founder shall have the right to elect at least one member of the Board.

6.8 No Compensation for Directors. Directors shall receive no compensation for their services unless expressly provided for in resolutions adopted by the Members, but may be reimbursed for expenses.

6.9 Additional Provisions. Additional provisions concerning the operation of the Association and the Board are contained in the Articles and Bylaws.

ARTICLE VII:
Decision Making

Most day-to-day decisions about the maintenance of the Neighborhood and enforcement of the Declaration are the responsibility of the Board, acting on the Members' behalf. For those decisions requiring Members' approval, the Neighborhood Meeting provides a public opportunity for discussion and voting.

7.1 Neighborhood Meeting.

(a) When called. The Neighborhood Meeting shall be called annually for the election of members of the Board, and whenever any action is required by this Declaration to be taken by vote or assent in writing of the Members. As a convenient reference and not as a limitation, actions requiring a vote of the Members, or assent in writing, include the following:

- Annexation of Additional Property Section 2.2
- Repeal of Additional Services Section 6.2
- Election of the Board of Directors Section 6.7
- Approval of General Assessments when increased more than 15% . . Section 8.4
- Ratification of expenditures for capital improvements..... Section 8.6

Approval of Zone expenses..... Section 8.7
Repeal of Rules and Regulations adopted by the Board..... Section 10.7
Amendment of Declaration..... Section 13.1
Dedication of the Commons Section 13.2
Merger into, or Dedication of Commons to, Municipality Section 13.3
Termination of the Declaration Section 13.5

(b) Quorum. Voting at a Neighborhood Meeting requires presence of members representing the percentage of votes necessary to transact business. The necessary percentage is determined by the Bylaws, and if permitted by the Bylaws and by statute, the Board may revise this percentage from time to time.

(c) Notice. Notice of the meeting must be given to Members in accordance with Section 14.4 (“Notices”) and in accordance with the Bylaws. Notice of meetings shall also be posted in at least one place within the Commons.

(d) Proxies; Electronic Voting. To the extent allowed by the Bylaws and statute, proxies and limited proxies may be used to establish a quorum and for voting purposes. To the extent allowed by law and in accordance with procedure which may be adopted in the Bylaws, a quorum may be evidenced, and votes may be cast, by electronic means.

7.2 Action without Meeting. If permitted by the Board, the membership may approve any matter (specifically including the election of directors) by a written or electronic ballot procedure, which may be conducted by mail, or by written consent without a meeting, without prior notice and without a vote. Voting or consents shall be in accordance with the Bylaws and statute.

7.3 Board Meetings.

(a) Board’s Responsibility. Except as specifically provided in this Article or elsewhere in this Declaration, the Board has been delegated the power, and shall have the authority to act on behalf of the Association and to make all decisions necessary for the operation of the Association, the enforcement of this Declaration and the care of the Commons.

(b) Quorum. Voting at a Board meeting requires presence of at least one-half of the directors, in person or telephone conference or, if allowed by law, by proxy. If permitted by law, any action required to be taken by vote of the Board may be taken in the absence of a meeting (or in the absence of a quorum at a meeting) by obtaining the written approval of a majority of the Board.

7.4 Record Keeping. The Board shall keep a record of all meetings, both of the Board and of the Association. For each action taken, the record shall state the vote and a description of the action approved, and, where applicable, the reasons why the action was considered necessary and a summary of the information on which the decision was based. The record shall be available for inspection by any Member.

7.5 Approval. Wherever used in this Declaration, approval by a majority or other proportion of the Members refers to a vote in accordance with this Article, either at a properly called Neighborhood Meeting or through a voting procedure established under Section 7.2. Where the Declaration specifies consent in writing, or request in writing, by a majority or other proportion of all Members, then the necessary number is based on the number of votes represented by the total Membership of the Association, and signatures may be collected without a Neighborhood Meeting or other voting procedure.

ARTICLE VIII:
Association Budget

To fulfill its obligation to maintain the Commons, the Board is responsible for the fiscal management of the Association.

8.1 Fiscal Year. The fiscal year of the Association shall begin January 1 of each year and end on December 31 of that year, unless the Board selects a different fiscal year.

8.2 Budget Items. The budget shall estimate total expenses to be incurred by the Association in carrying out its responsibilities. These expenses shall include, without limitation, the cost of wages, materials, insurance premiums, services, supplies and other expenses for the rendering of all services required by this Declaration or properly approved in accordance with this Declaration. The budget may also include reasonable amounts, as determined by the Board, for working capital for the Association and for reserves. If the Commons are taxed separately from the Parcels, the Association shall include such taxes as part of the budget. Fees for professional management of the Association, accounting services, legal counsel and other professional services may also be included in the budget.

8.3 Reserves. The Association may build up and maintain reserves for working capital, contingencies and replacement, which shall be included in the budget and collected as part of the annual General Assessment. Extraordinary expenses not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except in the event of an emergency, reserves accumulated for one purpose may not be expended for any other purpose unless approved by a majority vote of the Members. If the reserves are inadequate for any reason, including nonpayment of any Member's assessment, the Board may at any time levy an emergency assessment in accordance with the provisions of Section 9.4 ("Special Assessment"). If there is an excess of reserves at the end of the fiscal year and the Board so determines, the excess may be returned on a prorata basis to all Members who are current in payment of all assessments due the Association, or may be used to reduce the following year's assessments, at the Board's discretion.

8.4 Preparation and Approval of Annual Budget.

(a) Initial Budget. The Founder shall determine the budget for the fiscal year in which a Parcel is first conveyed to an Owner other than the Founder.

(b) Subsequent Years. Beginning with the year in which a Parcel is first conveyed to an Owner other than the Founder and each year thereafter, at least one month before the end of the fiscal year, the Board shall, by majority vote, adopt a budget for the coming year and set the annual General Assessments at a level sufficient to meet the budget. At least two weeks before the fiscal year to which the budget applies, the Board shall send to each Member a copy of the budget in reasonably itemized form, which shall include the amount of General Assessments payable by each Member.

(c) Approval. If General Assessments are to be increased to greater than 115% of the previous year's General Assessment which was not a year in which General Assessments were guaranteed in whole or in part by Founder, and petitions signed by at least 10% of all Members request review within thirty (30) days after the budget is delivered to Members, the Board shall call a Neighborhood Meeting to present the budget and to answer any questions. After presentation, the budget shall be deemed approved unless the percentage required to transact business is present and the budget is rejected by a majority of the Members present. If the budget is rejected, the Board shall approve a new budget within ten (10) days and send a copy to each Member.

8.5 Effect of Failure to Prepare or Adopt Budget. The Board's failure or delay in preparing or adopting the annual budget for any fiscal year, or review of the budget under paragraph 8.4 (c), shall not waive or release a Member's obligation to pay General Assessments whenever the amount of such assessments is finally determined. In the absence of an annual Association budget each Member shall continue to pay the assessment at the rate established for the previous fiscal period until notified otherwise.

8.6 Capital Improvements. Any substantial capital improvement to the Commons approved by the Board must be ratified by a majority of the Members. If the substantial capital improvement is approved by the Members, the Board shall determine whether it shall be paid from General Assessments or by Special Assessment. A capital improvement shall be considered substantial if the cost to the Association of the improvement is more than six percent (6%) of the Association's annual budget, or if, when added to other capital improvements for the fiscal year, totals more than ten percent (10%) of the Association's annual budget. However, any repair or replacement of existing improvements shall not be considered a capital improvement. Approval of the Aragon Architectural Review Board is required for all capital improvements. This paragraph shall not limit the right of the Founder to make improvements to the Commons.

8.7 Zone Expenses.

(a) Capital Improvements. Any Zone may, by two-thirds (2/3) vote of the Members within that Zone and approval of the Board, vote to assess themselves for capital improvements to Commons which will primarily benefit that Zone.

(b) Additional Services. Any Zone may, by majority vote of the Members within that Zone and approval of the Board, vote to assess themselves for maintenance or services in addition to those normally provided by the Association.

(c) Combined Zones; Smaller Groups. Zones may be combined or join together for such assessments. If more than one Zone is to vote, the Board shall determine whether approval and assessment is to be by Zone or by the combined group of Zones. If a group smaller than a Zone wishes to be assessed for capital improvements or services, all of those being assessed must agree to the assessment.

(d) Assessment Levy. Any assessment so approved shall be assessed to all Owners within that Zone or designated group as an Individual Parcel Assessment.

8.8 Accounts. Reserves shall be kept separate from other Association funds, either in a single account for all reserves or separated by purpose. All other sums collected by the Board with respect to Assessments and charges of all types may be commingled in a single fund.

ARTICLE IX:
Covenants for Maintenance
Assessments

The cost of fulfilling the Association's financial obligations is divided equitably among the Members by means of Assessments. To assure the Association of a reliable source of funds and to protect those Members who contribute their equitable share, assessments are mandatory and are secured both by a lien on the lot and the Member's personal obligation.

9.1 Obligation for Assessments. The Founder, for each Parcel owned within the property submitted by this Declaration or Supplemental Declaration to the Neighborhood, hereby covenants, and each Owner of any Parcel by acceptance of a deed or other transfer instrument, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the following (to be known collectively as "Assessments"):

- (a) General Assessments for expenses included in the budget,
- (b) Special Assessments for the purposes provided in this Declaration, and
- (d) Individual Parcel Assessments for any charges particular to that Parcel,

together with a late fee and interest, as established by the Board, and cost of collection when delinquent, including a reasonable attorney's fee whether or not suit is brought. Upon default in the payment of any one or more installments, the Board may accelerate the entire balance of such Assessment, which shall be declared due and payable in full.

9.2 Allocation of Common Expenses. Expenses shall be allocated among the Parcels as provided in Article III ("Allocation of Expenses"). The Founder shall be excused from payment of assessments if the Founder guarantees to Parcel owners that their Assessments during the "Guarantee Period," as defined below, shall not exceed the amounts shown in the then-current estimated operating budget. If the Founder offers such a guarantee, the Founder agrees to pay any Common Expenses incurred during the Guarantee Period which exceed the amount produced by Assessments during that time. The "Guarantee Period" may begin at Founder's discretion at any time within the first three years after the recording of this Declaration in the public records of Escambia County, Florida and shall end at the beginning of the next fiscal year. The Guarantee Period shall then be automatically extended for successive six-month periods up to an additional five years unless terminated upon written notice by the Founder to the Association at least 30 days before the end of the then-current Guarantee Period. During the Guarantee Period, the General Assessments may be increased by up to 15% per year.

9.3 General Assessments.

(a) Establishment by Board. The Board shall set the date or dates such assessments become due and may provide for collection of assessments annually or in monthly, quarterly or semiannual installments.

(b) Date of Commencement. The annual General Assessments shall begin on the day of conveyance of the first Parcel to an Owner other than the Founder. The initial Assessment on any Parcel subject to assessment shall be collected at the time title is conveyed to the Owner. During the initial year of ownership, each Owner shall be responsible for the prorata share of the annual General or Special Assessment charged to each Parcel, prorated to the month of closing.

9.4 Special Assessment. In addition to the General Assessment, the Board may levy in any fiscal year a Special Assessment applicable to that year and not more than the next four succeeding years as follows:

(a) Capital Improvements. Any substantial capital improvement which has been approved in accordance with Section 8.6 ("Capital Improvements") or any capital improvement not required to be approved by the Members may be paid by Special Assessment.

(b) Emergency Assessment. By a two-thirds (2/3) vote, the Board may impose a Special Assessment for any unusual or emergency maintenance or repair or other expense which this Declaration or the law requires the Association to pay (including, after depletion of reserves, any unexpected expenditures not provided by the budget or unanticipated increases in the amounts budgeted).

9.5 Individual Parcel Assessments. The Association may levy at any time an Individual Parcel Assessment against a particular Parcel for the purpose of defraying, in whole or in part, the cost of

any special services to that Parcel, for expenses approved by that Zone in accordance with Section 8.7, or any other charges designated in this Declaration as an Individual Parcel Assessment.

9.6 Capital Contribution. At the closing and transfer of title of each Parcel to the first Owner other than the Founder, the Owner shall contribute an amount equal to three months' assessments, or such greater amount as required by the Founder by contract. This contribution shall be used by the Association for the purpose of initial and nonrecurring capital expenses of the Association and for providing initial working capital for the Association, and shall not be considered as a prepayment of assessments.

9.7 Effect of Nonpayment of Assessment: Remedies

(a) Personal Obligation. All Assessments, together with any late fee, interest and cost of collection when delinquent, including a reasonable attorney's fee whether or not suit is brought (collectively, the "Assessment Charge") shall be the personal obligation of the person or entity who was the Owner of the Parcel at the time when the assessment was levied, and of each subsequent Owner. No Owner may waive or otherwise escape liability for the Assessment Charge by abandonment of the Parcel.

(b) Creation of Lien. The Assessment Charge shall also be charged on the land and shall be a continuing lien upon the Parcel against which the Assessment Charge is made, which may be enforced upon recording of a claim of lien. This lien, in favor of the Association, shall secure the Assessment Charge which is then due and which may accrue subsequent to the recording of the claim of lien and prior to entry of final judgment of foreclosure. Any subsequent owner of the Parcel shall be deemed to have notice of the Assessment Charge on the land, whether or not a lien has been filed.

(c) Suit for Payment; Foreclosure of Lien. The Association may bring an action at law against the Owner personally obligated to pay the Assessment Charge, or may foreclose the lien in a manner similar to foreclosure of a mortgage lien, or both. The Association, acting on behalf of the Owners, shall have the power to bid for an interest in any Parcel foreclosed at such foreclosure sale and to acquire, hold, lease, mortgage and convey the Parcel.

(d) Other Remedies. The Association shall have the right to assess fines and suspend the voting rights and right to use of the Commons by an Owner for any period during which any Assessment against his Parcel remains unpaid.

9.8 Certificate of Payment. The treasurer of the Association, upon request of any Owner, shall furnish a certificate signed by a member of the Board stating whether any assessments are paid to date by that Owner. Such certificate, when co-signed by the secretary of the Association, may be relied upon by a good faith purchaser or mortgagee as conclusive evidence of payment of any assessment therein stated to have been paid.

ARTICLE X: | *The following covenants are designed to protect the*
Use of Parcels | *quality of life for all Owners within the Neighborhood*
| *and to set a standard for reasonable cooperation within*
| *the community.*

10.1 Permitted Uses. Permitted uses for Parcels, which may include residential use, civic use or retail, office, restaurant or other commercial use, shall be determined based on the Aragon Design Code and the plat, subject to the zoning requirements of the City of Pensacola. At the Founder's discretion, the Founder shall make the determination of record at the time of the parcel's addition to the Neighborhood, or at any time up to and including the time of conveyance of the parcel to someone other than the Founder. If the Founder fails to make such a determination of record, the

Aragon Design Code, or the approval of the Building or modification under Article V, may describe permitted uses.

10.2 Prohibited Uses.

(a) Nuisances, Unlawful Use. No nuisance or immoral, improper, offensive or unlawful use shall be permitted to exist or operate on any Parcel. The Association may from time to time define and determine unacceptable uses. All laws, building codes, orders, rules, regulations or requirements of any governmental agency having jurisdiction shall be complied with, by and at the sole expense of the Owner.

(b) Insurance. Nothing shall be done or kept on any Parcel or the Commons which will increase the rate of, or result in cancellation of, insurance for the Commons or any other Parcel or its content, without the prior written consent of the Association.

(c) Soliciting. The Association may regulate or prohibit soliciting within the Neighborhood.

(d) Time Sharing. No time-share ownership of Parcels is permitted without the Association's approval. For this purpose, the term "time-share ownership" shall mean a method of ownership of an interest in a Parcel under which the exclusive right of use, possession or occupancy of the Parcel circulates among the various owners on a periodically reoccurring basis over a scheduled period of time. Leasing a building or ownership of a Parcel by a corporation, partnership or other entity or by not more than four individuals or married couples will not normally be considered time-share ownership.

10.3 Attractiveness and Safety of Parcels.

(a) Generally. Each Owner shall keep all parts of his Parcel in good order and repair and free from debris. The Aragon Design Code or the Association may regulate placement and maintenance of garbage and trash containers and fuel or gas storage tanks (including the prohibition of such tanks), and other matters affecting the attractiveness or safety of Parcels.

(b) Signage. No sign, advertisement or notice of any type or nature whatsoever (including "For Sale" or "For Rent" signs) shall be erected or displayed on any Parcel or portion of the Commons unless specifically permitted by the Aragon Design Code.

(c) Vehicles. Garage doors shall be kept closed except when automobiles are entering or leaving the garage. The Aragon Design Code or the Association may regulate or prohibit the parking of trailers, recreational vehicles, nonfunctioning or excessive numbers of vehicles, sports equipment or any other item visible on the Parcel.

10.4 Leasing. Residential units may be rented, subject only to reasonable rules and regulations as promulgated by the Association, which may be modified from time to time. The Association may establish a minimum lease term of at least six months. The Association may prohibit the leasing of any Parcel while the Owner is in default in the payment of Assessments. If the Parcel is leased in violation, the Association may attach rentals and may evict the tenant as if it were a tenant violation under paragraph 10.8 (c).

10.5 Pets. Pets may be kept by an Owner on his Parcel but only if such pets do not cause an unsafe condition or unreasonable disturbance or annoyance within the Neighborhood. Each Owner shall be held strictly responsible to immediately collect and properly dispose of wastes and litter of his pets. The Association reserves the right to regulate the number, type and size of pets (specifically including particular breeds of dogs deemed to create unreasonable danger); to prohibit the keeping of animals other than customary household pets, which it may define, acting

reasonably; to designate specific areas within the Commons where pets may be walked and to prohibit pets on other areas; to require pets to be on leash; and to restrict the rights of tenants to keep pets.

10.6 Temporary Structures. The Aragon Design Code may permit kiosks, pushcarts and other temporary structures in commercial or mixed-use areas and may permit construction trailers and other temporary structures during construction. Other structures of a temporary character, trailers, tents, shacks, barns, sheds or other outbuildings are prohibited. However, during art festivals, craft fairs, block parties and other special events, the Association or Founder may approve the use of tents, trailers and other temporary buildings on the Commons or elsewhere within the Neighborhood.

10.7 Rules and Regulations.

(a) Generally. The Association may from time to time adopt rules or amend previously adopted rules and regulations governing the details of the operation, use, maintenance and control of the Parcels, Commons and any facilities or services made available to the Owners. This right shall include without limitation the right to approve rental agents, contractors and sub-contractors who do business within the Neighborhood.

(b) Effect. Rules and Regulations shall take effect immediately upon approval by the Board, or at a later date selected by the Board. If requested by at least 10% of the Members, a Neighborhood Meeting may be called and any Rule or Regulation may be repealed by majority vote of the Members.

(d) Notice. A copy of the Rules and Regulations adopted from time to time shall be posted in a conspicuous place within the Neighborhood or furnished to each Owner.

10.8 Enforcement.

(a) Owner's Responsibility. Each Owner and Owners' family members, guests and tenants shall conform and abide by the covenants contained in this Declaration and any Rules and Regulations which may be adopted from time to time by the Association. Each Owner shall be responsible for assuring such compliance, and any violation by family members, guests or tenants may be considered to be a violation by the Owner.

(b) Notice, Hearing and Fines. Any Owner who is believed to be in violation of this Declaration or the Rules and Regulations shall be given notice and an opportunity to be heard. After such hearing, the Association shall have the right to assess fines, up to the maximum allowed by law and may restrict the Owner's use of the Commons for up to sixty (60) days or until remedied, whichever is longer. However, the primary goal of this provision is not to punish but to conciliate and resolve problems. The Association may suggest or approve agreements and withhold the requirement of paying a fine if the agreement is honored. Fines shall be charged against the Parcel as an Individual Parcel Assessment. Any fines collected shall be contributed to the general fund of the Association.

(c) Tenant Violations. If a tenant is believed to be in violation of the Declaration or Rules and Regulations, the Association shall notify the Owner and tenant and provide an opportunity for hearing. If the Association determines after notice and opportunity for hearing that a tenant has violated this Declaration or Rules and Regulations, the Association may assess fines against the Owner as provided in paragraph (b). In addition, if the violation continues for ten days after notice to the Owner of the findings, or if the tenant materially violates either Declaration or Rules and Regulations more than once in any one-year period, the Association shall have the right to evict the tenant. Each Owner by acceptance of a deed irrevocably appoints the Association as its

agent and attorney-in-fact in such an eviction action. All costs related to such action shall be charged to the Owner as an Individual Parcel Assessment.

(d) Corrective Action for Parcel Maintenance. If the Association determines after notice and hearing that any Owner has failed to maintain any part of the Parcel (including the yard and any wall, fence, Building, garden structure or other structure) in a clean, attractive and safe manner, in accordance with the provisions of this Declaration, the Aragon Design Code and applicable rules and regulations, the Association shall notify the Owner of its findings and may assess fines as provided in paragraph (b). If the violation continues for ten days after notice to the Owner, the Association shall have the right without liability to enter upon such Parcel to correct, repair, restore, paint and maintain any part of such Parcel and to have any objectionable items removed from the Parcel. The Association may reduce or eliminate the time for notice if it believes the condition creates a hazard. All costs related to such action shall be assessed to the Owner as an Individual Parcel Assessment.

(e) Pets. After notice and hearing, the Association may find that a pet causes an unsafe condition or unreasonable disturbance or annoyance and may require the Owner or tenant to take steps to cure or limit the offensive condition. If such steps are ineffective, if the Owner or tenant fails to cooperate or if the pet is considered to create an unsafe condition, the Association may require that an Owner or tenant permanently remove the pet from the Neighborhood.

(f) Covenants' Committee. The Association may appoint a Covenants' Committee, composed of Parcel Owners, to hear violations of the Declaration or Rules and Regulations and to recommend or impose fines or take any other enforcement action under this Section 10.8.

(g) Additional Remedies. All remedies listed in this section are non-exclusive and may be applied cumulatively. The Association shall also have the right to bring suit to enforce the Declaration and Rules and Regulations, as described in Section 13.3 ("Enforcement of the Declaration").

10.9 Commercial Areas. At the request of the Merchants' Council, any violation regarding business operation shall be heard by the Merchants' Council, rather than by the Association.

ARTICLE XI: Commercial Uses

Although there are more residential dwellings than commercial uses, the entire community is enlivened by the mix of the two. Each Owner, by acceptance of a deed to a Parcel, recognizes that the proper balance of types of retail stores, offices and other businesses, as well as the quality of those businesses, are critical to the success of the Neighborhood and the entire community of Aragon. The conditions of this Declaration regarding operation of businesses within the Neighborhood are part of the consideration for the granting of a deed from the Founder to Owners other than the Founder.

11.1 Merchants' Council. The Merchants' Council is established by this Declaration to promote business activity. The Merchants' Council shall originally operate as a committee of the Association. However, the Merchants' Council may choose, by majority vote of its members and its Board of Directors, to incorporate and operate as a separate entity.

11.2 Purpose. The Merchants' Council shall promote Aragon for the mutual benefit of all businesses. Its responsibilities shall include advertising, special event programming and other promotional activities. The Merchants' Council shall also be responsible for approving businesses,

reviewing appropriate operation, and taking other actions aimed at securing an appropriate mix of high-quality businesses.

11.3 Membership. Each business located within the Neighborhood shall be a member of the Merchants' Council. The Merchants' Council may determine whether concessions or other types of business arrangements which are not held out to the public as a separate business are to be included with the primary business or shall be a separate member. A home-based occupation may become a member but shall not be required to be a member unless it advertises to the general public or has signage on any street other than an alley.

11.4 Board of Directors. The Association's Board shall select the Merchants' Council's board of directors during the first five years of its operation. In each subsequent year until incorporation of the Merchants' Council, the Merchants' Council's board of directors shall be elected by the businesses in an election supervised by the board of directors of the Association. The membership may, by majority vote of its members, adopt election procedures and other bylaws for the Merchants' Council's operation. After incorporation, the board shall be selected as provided by the corporation's articles of incorporation and bylaws.

11.5 Voting. Each business's vote for all Merchants' Council elections and other matters shall be determined in pro rata share based upon the amount of assessments paid by that business during the prior year.

11.6 Consent of Founder. So long as the Founder selects a majority of the Board of Directors of the Association, that Board shall have the right to review and approve all actions of the Merchants' Council, which approval shall not be unreasonably withheld or delayed.

11.7 Business Standards. To assure an appropriate mix of varied, quality establishments, the Merchants' Council may establish standards for various aspects of Owner's business, including without limitation types, quality, style and prices of stock. Such standards may differ for different areas, and may apply to an individual store or on a block-by-block basis, in which case standards may be different for opposite sides of the street, corner Parcels or for different sizes or types of Parcels. In addition, the Merchants' Council's efforts to assure varied, quality businesses within the Neighborhood may include the restriction or prohibition of types of merchandise which may be offered and the granting of exclusive rights to certain merchandise. Such exclusive rights may be granted on an individual basis at the Merchants' Council's discretion, based on its own evaluation of the quality of merchandise, potential for success and other factors. The Merchants' Council may change the standards from time to time; however, no business which meets existing standards may be required to conform to new standards so long as the business continues to operate under the same name and ownership.

11.8 Name of Business; Advertising.

(a) Review. The Merchants' Council shall have the right to review in advance and approve the name, logo or any identifying symbols to be used with the business.

(b) Use of Name "Aragon". The Founder may reserve the rights to the name "Aragon" as a trade name. An Owner may use the name "Aragon" to describe the location of the business, and may advertise a business as being located "in Aragon." If requested by the Founder, Owner shall accompany such use with a symbol or explanation concerning trademark or service mark registration of the name "Aragon." Owner may not use the name "Aragon" in any other manner without the express permission of the Founder, which may be arbitrarily denied.

(c) Approval of Advertising. All advertising for the business to be conducted on the Parcel, whether for print, television, radio, handbills, outside sign or other media, may be subject

to the Merchants' Council's approval. The Merchants' Council may prohibit or regulate the distribution of handbills within the Neighborhood.

(d) Signage. A business shall display on the exterior of the building or upon any exterior glass surfaces or within 24 inches of any window only those signs, advertising placards, names, insignia, trademarks, descriptive material or other identification which are specifically approved by the Merchants' Council and, as applicable, the Aragon Architectural Review Board. No hand-lettered signs may be displayed unless professionally prepared.

11.9 Appearance, Hours of Operation. The Merchants' Council may regulate store displays and general decor, days and hours of operation. The entrance and interior of the business shall be kept immaculately clean and inviting in appearance at all times. Wall and floor coverings, displays and all other furnishings shall be maintained in first-class condition. Good business techniques should be used to minimize to the greatest extent reasonably possible the impact of noise and odors on the surrounding area.

11.10 Staff. All personnel who may be viewed by patrons shall be appropriately dressed, well groomed, courteous and knowledgeable concerning the stock and store policies. In addition, the Merchants' Council may require personnel to attend classes concerning the history and philosophy of Aragon, the location of other commercial and public facilities within Aragon and other information which might reasonably be asked by retail store patrons. Personnel may be required to demonstrate proficiency from time to time in such information.

11.11 Quality Control. The Merchants' Council, its agents and employees shall have the right to inspect the business, stock and services on a monthly basis. Failure to conduct monthly inspections on a regular basis shall not waive the Merchants' Council's rights to do so. The Merchants' Council shall notify Owner of any deficiencies noted during such inspection. If any such deficiency is not resolved within a reasonable amount of time, the Merchants' Council shall give a second notice to Owner, which shall be noted as a "second notice of deficiency." If the deficiency is not cured within 30 days of the second notice, then the Merchants' Council shall have all rights of enforcement under this Declaration.

11.12 Leases. The provisions of the Master Deed Restrictions and this Article XI of the Declaration shall be deemed included in any lease of commercial space within the Neighborhood. The Merchants' Council shall have the right to review such leases in advance and may promulgate a standard form lease to simplify its review. If any tenant is in violation of these provisions the Merchants' Council may enforce these provisions against the Owner, the tenant or both, and is granted the right as Owner's agent and attorney in fact in accordance with Section 10.8 of this Declaration to evict any tenant in violation of these provisions.

11.13 Enforcement. The Merchants' Council shall have the right to enforce all of the provisions of this Article XI, and any rules and regulations promulgated by it under this Article, in the same manner as the Association under Section 10.8 of this Declaration. Alternatively, if requested by the Merchants' Council, the Association shall pursue such enforcement.

11.14 Founder's Rights. The establishment of a Merchants' Council does not in any way restrict the Founder's right to similarly regulate any property sold, leased or managed by it or by any related entity.

ARTICLE XII: Insurance

Insurance is essential to protect the interests of the various Owners and to assure that funds will be available for rebuilding after a casualty. However, because insurance costs may increase significantly or new types of coverage made available, this Article gives some flexibility to the Board to select insurance coverage that is reasonable for the conditions that exist at that time.

12.1 Review of Coverage. The Board shall review limits of coverage for each type of insurance at least once each year.

12.2 Casualty Insurance. The Board may obtain and, if additional Commons with significant insurable improvements are added to the Neighborhood, shall be required to obtain and maintain, casualty insurance on the Commons for fire damage. Endorsements for extended coverage, vandalism, malicious mischief, flood and windstorm should be obtained where available at reasonable cost. Coverage shall be in an amount not less than necessary to comply with the co-insurance percentage stipulated in the policy, but in any event not less than 80% of the insurable value (based upon replacement) of the improvements constructed on the Commons.

12.3 Public Liability. The Board may obtain public liability insurance in such limits as the Board may from time to time determine, insuring against any liability arising out of, or incident to, the ownership and use of the Commons and any topographic conditions or water access located on or adjoining the Neighborhood. At the Board's discretion, such coverage may include easements, such as walkways, which benefit the Association. Whenever practicable, such insurance should be issued on a comprehensive liability basis and should contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association, the Board or other Owners.

12.4 Director Liability Insurance. The Board may obtain liability insurance insuring against personal loss for actions taken by members of the Board and advisory members in the performance of their duties. Such insurance shall be of the type and amount determined by the Board in its discretion.

12.5 Other Coverage. The Board shall obtain and maintain workman's compensation insurance if and to the extent necessary to meet the requirements of law, and such other insurance as the Board may determine or as may be requested from time to time by a majority vote of the Members.

12.6 Parcel Coverage. Each Owner shall obtain casualty insurance for improvements on the Parcel. If available at reasonable cost, the policy shall name the Association as an additional insured. Coverage shall be in an amount not less than necessary to comply with the co-insurance percentage stipulated in the policy, but in any event not less than 80% of the insurable value (based upon replacement) of the improvements constructed on the Parcel. If requested by the Association, an Owner shall provide evidence of such insurance to the Association.

12.7 Repair and Reconstruction after Fire or Other Casualty.

(a) Commons. If fire or other casualty damages or destroys any of the improvements on the Commons, the Board shall arrange for and supervise the prompt repair and restoration of the improvements unless the area is to be redeveloped as provided in Section 13.2 ("Redevelopment"). The Board shall obtain funds for such reconstruction first from the insurance proceeds, then from reserves for the repair and replacement of such improvements, and then from any Special Assessments that may be necessary after exhausting insurance and reserves.

(b) Parcel Improvements. If fire or other casualty damages or destroys a Building or any other improvements on a Parcel, the Owner of that Parcel shall immediately proceed to rebuild and restore the improvements to the condition existing immediately prior to such damage or

destruction, unless other plans are approved by the Aragon Architectural Review Board or the area is to be redeveloped as provided in Section 13.3. If the Owner fails to clean and secure a Parcel within 30 days after a casualty, the Association may, in accordance with the provisions of paragraph 10.8(d) ("Corrective Action for Parcel Maintenance"), remove debris, raze or remove portions of damaged structures and perform any other clean up the Association deems necessary to make the Parcel safe and attractive. The cost of such clean-up shall be assessed to the Parcel Owner as an Individual Parcel Assessment.

ARTICLE XIII:

Amendment, Redevelopment and Termination

Property Owners should be able to rely on the Declaration and the general principles it states. Amendment should not be easy. However, new solutions will be proposed from time to time to make the Association operate more efficiently or to adjust to changing conditions. Where clearly to the community's benefit, these new provisions should be incorporated into the Declaration.

When, over long periods of time, conditions change so that redevelopment is necessary, the Declaration allows for a unified plan of redevelopment and compensation for affected owners.

13.1 Amendment.

(a) By Members. This Declaration may be amended at any time by an instrument signed by the president or vice president and secretary of the Association, certifying approval in writing by Parcel Owners representing sixty seven percent (67%) of the votes in the Association.

(b) By the Founder. To the extent permitted by law, the Founder specifically reserves the absolute and unconditional right to amend this Declaration without the consent or joinder of any party (i) to conform to the requirements of the Federal Home Loan Mortgage Corporation, Veterans Administration, Federal National Mortgage Association or any other generally recognized institution involved in the guarantee or purchase and sale of mortgages, (ii) to conform to the requirements of institutional mortgage lenders or title insurance companies, or (iii) to clarify the Declaration's provisions or correct errors.

(c) Limitations. Whenever any action described in this Declaration requires approval of greater than sixty seven percent (67%) of the Parcel Owners, amendment of that provision shall require the same percentage vote as would be required to accomplish that action directly. Rights reserved to the Founder may not be amended without the specific consent of the Founder.

(d) Recording. Any amendment shall take effect upon recording in the public records.

13.2 Dedication.

(a) Common Roads. If any portion of the Common Roads has not previously been dedicated to the public, the Founder or Association shall have the right to convey title to or dedicate the Common Roads to the appropriate public agency or authority.

(b) Commons. All other Commons may be dedicated to the public by the Board upon consent in writing of Parcel Owners representing sixty seven percent (67%) of the votes in the Association.

(c) Alleys; footpaths. At least twenty (20) years from the recording of this Declaration, if the Association determines that it no longer wishes to maintain all or some of the alleys or

footpaths between Parcels, the ownership of such alleys or footpaths may be divided evenly between the adjacent Parcel Owners, with the consent in writing of Parcel Owners representing sixty seven percent (67%) of the votes in the Association. The property shall be subject to an easement for any then-existing utilities, and an easement may be reserved for continued use of the alleys or footpaths if required by the approving Owners.

(e) Necessary Approval. Any dedication or conveyance described above is subject to acceptance by the applicable governmental agency

13.3 Redevelopment.

(a) Purpose. If the Neighborhood should ever be struck by a natural disaster or other casualty, all or a portion of the Neighborhood might be destroyed and need to be rebuilt. In general, after any casualty loss, improvements are to be rebuilt in accordance with the original plan. Alternatively, this section provides a method for redevelopment in accordance with a new plan when Parcel Owners representing sixty seven percent (67%) of the votes in the Association, the Founder and a majority of the mortgagees agree that it is necessary and desirable to do so. This super-majority approval is designed to protect individual property owners' rights and expectations in their property. However, when such consensus is achieved, this section allows redevelopment, while continuing to protect the dissenting owners by assuring payment to them of fair market value, plus a relocation allowance. The same method may be used when, after long periods of time, changing uses and conditions make redevelopment desirable.

(b) Definitions. Redevelopment is the process of rebuilding all or a portion of the Neighborhood, known as a Redevelopment Area, in accordance with a revised Aragon Design Code, combined with the offer to purchase the property of any dissenting Parcel Owners. A Redevelopment Area must be a defined, logical section for redevelopment comprising a Zone or Zones, or all of the Neighborhood. The plan may allow buildings which are currently in serviceable condition to remain but require that such buildings, if rebuilt or remodeled in the future, to be rebuilt in accordance with the redevelopment plan. The plan for redevelopment may include termination of the Declaration for the Redevelopment Area. If the Declaration is terminated for a Redevelopment Area, the Founder may sell or donate to the Owners within the Redevelopment Area the Commons located there, reserving access and use easements as appropriate.

(c) Redevelopment; When Available. Redevelopment shall be available only upon the occurrence of one of the following:

(i) Any time after thirty (30) years from the recording of this Declaration, or

(ii) Upon a casualty loss destroying at least two-thirds, by value, of the insurable improvements, either within all of the Neighborhood, or within a Redevelopment Area. If the necessary approvals are not obtained within ninety (90) days after the casualty, the damage must be repaired in accordance with Section 11.7 ("Repair and Reconstruction after Fire or Other Casualty").

(d) Approvals. Redevelopment requires the consent in writing of Parcel Owners representing sixty seven percent (67%) of the votes within the Redevelopment Area; Mortgagees holding mortgages on a majority, by assessment interests, of the Parcels encumbered by such mortgages; and the Founder. If the plan is approved, consenting Owners must rebuild in accordance with the redevelopment plan, and, unless the plan provides otherwise, must participate in the purchase of dissenting Owners' Parcels.

(e) Redevelopment Corporation. The plan may include formation of a redevelopment corporation or other entity to purchase the Parcels of dissenting Owners. Unless otherwise agreed,

the consenting Owners would be required to contribute to the capital of the redevelopment corporation in proportion to their General Assessments, as a portion of all consenting Owners. The plan may authorize the Association, on behalf of the redevelopment corporation, to collect the Owners' shares as an Individual Parcel Assessment.

(f) Option to Purchase. Upon approval of the redevelopment plan, the redevelopment corporation or other designee of the consenting Owners shall deliver an option to purchase to all remaining Owners of Parcels within the Redevelopment Area. The option to purchase must be delivered in person or by registered mail to each Owner of a Parcel to be purchased. The recipient of such an option shall, within 30 days, choose either to join the consenting Owners, or to sell the Parcel to the consenting Owners. Failure to agree to the sale within 30 days shall be deemed to be agreement to join the consenting Owners. The sale price shall be paid in cash or upon terms approved by the seller, and the sale shall be closed in a timely fashion following determination of the sale price.

(g) Price. The price for each Parcel to be purchased shall be its fair market value determined by agreement between the seller and the designee of the consenting Owners within 30 days of the delivery or mailing of the notice. In the absence of agreement, the purchasing Owners and the selling Owners shall each select a real estate appraiser, which appraiser shall then choose a third appraiser, and the purchase price shall be the average (mean) of the three appraisals. The fair market value of the property shall be determined in its present, as-is condition, subject to the Declaration, and the seller shall be entitled to any insurance proceeds attributable to that Parcel distributed on account of the casualty loss. The expense of the appraisals and all closing costs shall be paid by the purchaser.

(h) Relocation Allowance. In addition to the purchase price, the purchaser shall pay to the seller a relocation allowance of five percent (5%) of the purchase price.

(i) Enforcement. A judgment of specific performance of the purchase based upon the determination of the price by the appraisers may be entered in any court of competent jurisdiction.

(j) Limitation. Redevelopment shall be subject to applicable zoning and other governmental regulation. If necessary for this section's validity under the Rule Against Perpetuities or similar law, this option shall expire 90 years from the time of recording of this Declaration, or whatever greater time period allowed by law.

13.4 Duration; Termination. The covenants and restrictions contained in this Declaration shall run with and bind the Neighborhood and shall inure to the benefit of and be enforceable by the Founder, the Association, and all Owners of property within the Neighborhood, their respective legal representatives, heirs, successors or assigns for twenty years, and shall be automatically extended for each succeeding ten year periods unless an instrument signed by Owners representing 90% of the votes in the Association shall have been recorded, agreeing to terminate the Declaration as of a specified date.

This Declaration may also be terminated in any of the following ways:

(a) Unanimous Consent. The Declaration may be terminated at any time by the consent in writing of all Owners.

(b) Dedication of Commons. The Declaration may be terminated by consent in writing by Parcel Owners representing sixty seven percent (67%) of the votes in the Association, if the Commons have been accepted for dedication or taken by eminent domain by the appropriate unit of local government (except that alleys or footpaths between two Parcels may be divided evenly between the adjacent Parcel Owners in accordance with Section 13.2).

(c) Redevelopment. The Declaration may be terminated for all or a part of the Neighborhood in accordance with the redevelopment provisions of Section 13.3.

13.5 Rerecording. Unless this Declaration is terminated, the Association shall rerecord this Declaration or other notice of its terms at intervals necessary under Florida law to preserve its effect.

13.6 Condemnation. If all or part of the Commons is taken or condemned by any authority having the power of eminent domain, all compensation and damages shall be paid to the Association. The Board shall have the right to act on behalf of the Association with respect to the negotiation and litigation of the taking or condemnation affecting such property.

ARTICLE XIV: |

General Provisions |

14.1 Interpretation.

(a) Construction. The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a uniform and consistent plan for the development and operation of the Neighborhood as a community of the highest quality. The italicized portions at the beginning of each Article are intended to state the purposes for the provisions that follow and may be used as an aid to interpretation. However, if the italicized portion conflicts with the operative provision, the operative provision shall govern.

(b) Governmental Regulation. All provisions of this Declaration, including without limitation modifications to the Master Plan and redevelopment provisions, shall be subject to applicable government regulation or agreements, including the City of Pensacola, the Historic Pensacola Preservation District, the Gateway Redevelopment District, and the development agreement with the Community Redevelopment Agency of the City of Pensacola.

14.2 Invalidity. The invalidity of any part of this Declaration shall not impair or affect the validity or enforceability of the rest of the Declaration, which shall remain in full force and effect.

14.3 Enforcement of Declaration.

(a) Enforcement. Suit may be brought against any person, persons or entity violating or attempting to violate the provisions of this Declaration, either to restrain violation or to recover damages, and against his or its property to enforce any lien created by this Declaration. To enforce this Declaration or the Rules and Regulations, the Association, the Founder or any Owner may bring an action for damages, specific performance, declaratory decree or injunction, or any other remedy at law or in equity. The Board shall be empowered to bring suits on behalf of the Association.

(b) No Waiver. Failure to enforce any provision of this Declaration or the Rules and Regulations shall not be deemed a waiver of the right to do so at any time thereafter.

(c) Association's Legal Fees. Any and all costs, including but not limited to attorneys' fees and court costs, which may be incurred by the Association in the enforcement of any of the provisions of this Declaration, whether or not suit is brought, may be assessed as an Individual Parcel Assessment to the Owner against whom such action was taken.

(d) Water Management. The Florida Department of Environmental Protection shall have the right to enforce, by a proceeding in law or in equity, the provisions contained in this Declaration which relate to the maintenance, operation and repair of the surface water or stormwater management system.

14.4 Notices. Any notice required to be sent to the Owner shall be deemed to have been properly sent when mailed, postage prepaid, or hand delivered to the Parcel and, if different, to the last known address of the person who appears as Owner of the Parcel as that address is stated on the records of the Association at the time of the mailing.

14.5 Gender and Number. The use of the masculine gender herein shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

14.6 Consent of Mortgagees.

(a) When Consent Required. This Declaration contains provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions are to be construed as covenants for the protection of the Mortgagees on which they may rely in making loans secured by a mortgage on a Parcel. Accordingly, no amendment or modification of this Declaration specifically impairing such rights, priorities, remedies or interests of a mortgagee shall be adopted without the prior written consent of Mortgagees as provided in subsection (b). This section shall not be construed, however, as a limitation upon the rights of the Founder, the Association or the Members to make amendments which do not adversely affect the Mortgagees.

(b) Percentage Required. Wherever consent of the Mortgagees is required, it shall be sufficient to obtain the written consent of Mortgagees holding a lien on two-thirds or more of all Parcels encumbered by a mortgage.

(c) Timely Response. Any such required consent shall be given promptly and shall not be unreasonably withheld. Any consent not given or denied within 30 calendar days of receipt of request for consent shall be deemed given.

14.7 Law to Govern. This Declaration shall be construed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the undersigned does hereby make this Declaration of Charter, Easements, Covenants and Restrictions for Aragon and has caused this Declaration to be executed as of the day and year first above written.

WITNESSES:

THE ARAGON GROUP AT PENSACOLA,
INC., a Florida corporation

Patricia A Garcia
print: Patricia A Garcia
Edith F Garcia
print: EDITH F. GARCIA

By: [Signature]
Robert E. Boothe, Jr.
as its president



STATE OF FLORIDA
COUNTY OF ESCAMBIA

The foregoing instrument was acknowledged before me this 8th day of August, 2000, by ROBERT E. ARAGON JR., president THE ARAGON GROUP AT PENSACOLA, INC., a Florida corporation, on behalf of the corporation. He is personally known to me or has produced a Florida driver's license as identification and did take an oath.

Edith F. Garcia

Notary Public, State of Florida at Large
Serial Number:

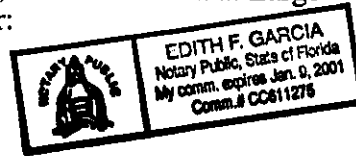


Exhibit "A" to Declaration
ARTICLES OF INCORPORATION
FOR
ARAGON NEIGHBORHOOD ASSOCIATION, INC.,
A FLORIDA NOT-FOR-PROFIT CORPORATION

The undersigned subscriber to these Articles of Incorporation, a Florida general corporation, hereby forms a not-for-profit corporation under the laws of the State of Florida.

ARTICLE I
NAME

The name of the corporation is the ARAGON NEIGHBORHOOD ASSOCIATION, INC., hereinafter referred to as the "Association." The street address of the Association is c/o James J. Reeves, 730 Bayfront Parkway, Suite 4-B, Pensacola, FL 32501.

ARTICLE II
REGISTERED AGENT

The initial Registered Agent of the Association is James J. Reeves. The street address of the Registered Agent is 730 Bayfront Parkway, Suite 4-B, Pensacola, FL 32501.

ARTICLE III
PURPOSES

The Association does not contemplate pecuniary gain or profit to its members. The Association's specific purposes are to provide for the maintenance and preservation of the property to be known as Aragon (the "Property") in accordance with the Declaration of Charter, Easements, Covenants and Restrictions, recorded or to be recorded in the public records of Escambia County, Florida (the "Declaration") for the mutual advantage and benefit of the members of the Association, who shall be owners of Lots within the Property. To promote the health, safety and welfare of the owners of Lots, the Association shall have and exercise the following authority, powers and duties:

- (a) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration, which is hereby incorporated by reference, as it may be amended from time to time.
- (b) To acquire, by gift, purchase or otherwise, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.
- (c) To operate, maintain and manage the surface water or stormwater management system(s) in a manner consistent with governmental requirements and applicable rules; to assist in the enforcement of the restrictions and covenants contained therein; and to levy and collect adequate assessments against members of the Association for the costs of maintenance and operation of the surface water or stormwater management system, including but not limited to work within retention areas, drainage structures and drainage easements.
- (d) To borrow money and to mortgage, pledge or hypothecate any and all of its real or personal property and intangible property as security for money borrowed or debts incurred.
- (e) To participate in mergers and consolidations with other nonprofit corporations organized for similar purposes.

(f) To have all other authority, powers and duties of a nonprofit corporation within the State of Florida which are not inconsistent with the Declaration.

**ARTICLE IV
MEMBERSHIP**

Every person or entity who is a record owner of a Lot within the Property shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

**ARTICLE V
VOTING RIGHTS**

Voting rights are assigned in accordance with the provisions of the Declaration. However, until the occurrence of certain events as described in the Declaration, the developer of the Property shall have the right to elect a majority of the members of the Board

**ARTICLE VI
BOARD OF DIRECTORS**

The affairs of the Association shall be managed by a Board of Directors, who do not need to be members of the Association. The Board of Directors shall be selected as provided in the Declaration and Bylaws.

**ARTICLE VII
TERM OF EXISTENCE**

This corporation shall commence existence with the filing of these Articles of Incorporation with the Secretary of State, Tallahassee, Florida. The corporation shall have perpetual existence unless sooner dissolved in accordance with the provisions herein contained or in accordance with the laws of the State of Florida.

**ARTICLE VIII
DISSOLUTION**

The Association may be dissolved as provided in the Declaration.

**ARTICLE IX
OFFICERS**

Subject to the direction of the Board, the affairs of this Association shall be administered by its officers, as designated in the Bylaws of this Association. Said officers shall be elected annually by the Board in accordance with the Bylaws.

**ARTICLE X
BYLAWS**

The Bylaws of this Association shall be adopted by the first Board and recorded among the public records of Escambia County, Florida. The Bylaws may be altered, amended, modified or repealed by (a) a majority of the Directors, or (b) assent in writing of members representing a majority of the voting interests. Any such modification shall be effective upon recording in the public records of Escambia County.

ARTICLE XI
AMENDMENTS

This Association reserves the right to amend or repeal any of the provisions contained in these Articles by approval in writing of two-thirds (2/3) of the membership.

ARTICLE XII
SUPREMACY

These Articles and the Bylaws are subject to the Declaration and in the event of a conflict, the Declaration shall govern. In the event of a conflict between the Articles and Bylaws, the Articles shall govern.

ARTICLE XIII
INDEMNIFICATION

This Association shall indemnify and hold harmless any and all of its present or former directors, officers, employees or agents, to the full extent permitted by law. Said indemnification shall include but not be limited to the expenses, including the cost of any judgments, fines, settlements and counsel's fees actually and necessarily paid or incurred in connection with any action, suit or proceeding, whether civil, criminal, administrative or investigative, and any appeal thereof, to which any such persons or his legal representative may be made a party or may be threatened to be made a party by reason of his being or having been a director, officer, employee or agent as herein provided. The foregoing right of indemnification shall not affect any other rights to which any director, officer, employee or agent may be entitled as a matter of law or which he may be lawfully granted.

ARTICLE XIV
INCORPORATOR

The incorporator of the corporation is Aragon Group at Pensacola, Inc., a Florida corporation whose address is c/o James J. Reeves, 730 Bayfront Parkway, Suite 4-B, Pensacola, FL 32501.

IN WITNESS WHEREOF, the incorporator has caused these Articles of Incorporation to be executed this 31st day of July, 2000.

WITNESSES:

THE ARAGON GROUP AT PENSACOLA, INC.,
a Florida corporation

[Signature]
print: DITH T. GARCIA

By: [Signature]
Robert E. Boothe, Jr., its president

[Signature]
print: PATRICIA A GARCIA



STATE OF FLORIDA
COUNTY OF ESCAMBIA

The foregoing instrument was acknowledged before me this 31st day of July, 2000, by ROBERT E. BOOthe JR., president of THE ARAGON GROUP AT PENSACOLA,

INC., a Florida corporation, on behalf of the corporation. He is personally known to me or has produced a Florida driver's license as identification and did take an oath.



Notary Public, State of Florida at Large
Serial Number:

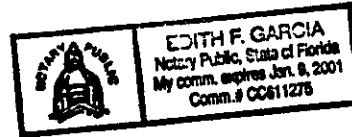


Exhibit "B" to Declaration

BYLAWS
FOR
ARAGON NEIGHBORHOOD ASSOCIATION, INC.,
A FLORIDA NOT-FOR-PROFIT CORPORATION

ARTICLE I
MEMBERS

1.1 Membership. The members of the Aragon Neighborhood Association, Inc. (the "Association"), a corporation not for profit organized under Florida law, shall consist of the owners of lots ("Lots") in Aragon (the "Property") located in Escambia County, Florida, as described in the Declaration of Charter, Easements, Covenants and Restrictions recorded or to be recorded in the public records of Escambia County, Florida (the "Declaration"). The membership of each Owner shall terminate when he ceases to be an Owner of a Lot. Upon the sale, transfer or other disposition of his ownership interest in a Lot, membership in the Association shall automatically be transferred to the new Lot Owner. The Association may issue certificates evidencing membership.

1.2 Shares; Votes. Each member shall have an interest in the funds and assets of the Association and shall be assigned a vote as set out in the Declaration.

ARTICLE II
MEETINGS OF MEMBERSHIP

2.1 Rules. The meetings of the membership shall be held in accordance with the provisions of the Declaration and, subject to the Declaration, in accordance with these By-Laws. Except where in conflict with the Declaration, Roberts Rules of Order (as amended) shall govern the conduct of all membership meetings.

2.2 Annual Meeting. The annual meeting of the Association membership shall be held at the offices of the Association or at such other place in the state of Florida as shall be designated by the Board or the President of the Association. The annual meeting shall be at a place and time determined by the Board, which shall ordinarily be at least 11 months but no later than 13 months since the previous annual meeting.

2.3 Special Meetings. Unless specifically provided otherwise herein or in the Declaration, meetings of the membership shall be held when directed by the President or the Board or when requested in writing by members holding a majority of the votes having the right to vote at such meeting. The call for the meeting shall be issued by the secretary.

2.4 Notice. Notice of all members' meetings, regular or special, shall be given by the President, Vice President or Secretary of the Association to each member unless waived in writing. Such notices shall be mailed or personally delivered to each member not less than ten (10) nor more than thirty (30) days prior to the meeting, except in an emergency, in which case the Board shall give such notice as is reasonable under the circumstances.

In addition, except in an emergency, when such notice requirement shall be waived, written notice shall be posted at a conspicuous place on the Property not less than forty-eight (48) hours prior to any special meeting and not less than fourteen (14) days prior to the annual meeting.

2.5 Waiver. Any Owner may waive notice of a meeting or consent to the holding of a meeting without notice or consent to action taken without a meeting, by execution of a waiver or consent in writing. Such waiver or consent may be executed prior to, at, or subsequent to the meeting or Association action to which the waiver or consent relates.

2.6 Quorum. Voting at an Association meeting requires presence of Members (in person, by proxy or, to the extent allowed by Florida law, by telephone conference) representing the percentage of votes established by the Board as necessary to transact business. The Board may revise this percentage from time to time, but in no event shall the required percentage be less than 25% or more than 50% of the membership.

2.7 Proxies. Proxies shall be in writing and are revocable at any time at the pleasure of the member executing it. A proxy shall be valid only for the particular meeting designated and any lawfully adjourned meetings thereof (but in no event shall a proxy be valid for more than 90 days after the date of the first meeting for which it was given). All proxies must be filed with the Secretary before the appointed time of the meeting.

2.8 Action without Meeting. If permitted by the Board, the membership may approve any matter (specifically including the election of Directors) by written ballot. Ballots shall be mailed or hand delivered to all Members. The Board shall establish for each vote the amount of time to be permitted for voting, which shall be no less than 10 days nor more than 60 days, and all ballots returned within the permitted time shall be counted. The Board may also establish a minimum number of ballots which must be returned in order for the vote to be valid, within the limits required for a quorum.

ARTICLE III BOARD OF DIRECTORS

3.1 Initial Composition. The Board shall initially consist of at least three persons who shall be originally appointed by the Developer.

3.2 Election By Owners, Developer. Owners other than the Developer shall be entitled to elect one Board member when Owners other than the Developer own one hundred (100) Lots, and may elect a majority of the Board of the Association as provided in the Declaration.

3.3 First Election. Within sixty (60) days after the Owners other than the Developer become entitled to elect a member of the Board, the Association shall call a meeting of the Owners to elect a member or members of the Board. Notice shall be given not less than thirty (30) days nor more than forty (40) days before the meeting. The meeting may be called and notice given by any Owner if the Association fails to do so. At the meeting, such Owners shall elect the director or directors which they are then entitled to elect, who shall replace those named by the Developer and who shall serve until the next regularly scheduled annual meeting of the Association, when their successors shall be elected as provided in the Bylaws.

3.4 Number of Directors. The Board shall consist of at least three directors, plus the immediate past president, if not already a director and otherwise available to serve. The number of directors shall be determined from time to time by the Board. When the immediate past president serves as an additional director, he or she shall not vote when an even number of directors is present.

3.5 Term. Directors shall hold office for a term of two years, except the immediate past president, who shall serve for one year. A director may be elected to a one-year term to permit staggered terms. Directors may be elected for successive terms.

3.6 Qualifications. Directors are not required to be Members.

3.7 Voting Procedure. Each Member shall have one vote for each seat to be filled. No cumulative voting shall be permitted. The candidates receiving the highest number of votes shall be declared elected.

3.8 Removal. Except for directors selected by the Developer, any director may be removed from office, with or without cause, by at least a majority vote of all Members, at any duly called meeting of Members. A special Association meeting to remove a director or directors from office may be called by Members representing 10% of the membership giving notice of the meeting unless a lower percentage is permitted by law. The notice shall state the purpose of the meeting and shall be given to all Members in writing at least one week prior to the Association meeting.

3.9 Vacancy. Any vacancy occurring in the Board may be filled by a majority vote of the remaining Board members, except that a vacancy resulting from removal of a director by the members shall be filled by a vote of the membership. Members shall also vote to fill a vacancy if there are not sufficient remaining Board members to constitute a quorum.

3.10 Meetings. An annual meeting of the Board shall be held immediately following the annual meeting of the membership and at the same place. Special meetings of the Board shall be held upon call by the President or a majority of the Board on not less than forty-eight (48) hours notice in writing to each director, unless the Board determines an emergency to exist, in which event the Board shall give such notice as is reasonable under the circumstances. All meetings of the Board at which official action may take place shall be open to all members and, except in an emergency as provided above, notices of all such meetings shall be posted in a conspicuous place on the Property at least 48 hours prior to the meeting. However, members shall not be entitled to vote or participate in any other way at the meeting.

3.11 Waiver. Any director may waive notice of a meeting or consent to the holding of a meeting without notice or consent to any action of the Board without a meeting. Such waiver or consent may be executed prior to, at, or subsequent to the meeting or Board action to which the waiver or consent relates.

3.12 Quorum. Voting at a Board meeting requires presence of at least one-half of the directors, in person or telephone conference or, if permitted by law, by proxy or by any other permissible means. Any action required to be taken by vote of the Board may be taken in the absence of a meeting (or in the absence of a quorum at a meeting) by obtaining the written approval of a majority of the Board.

3.13 Compensation. Directors shall receive no compensation for their services unless expressly provided for in resolutions duly adopted by the Owners but may be reimbursed for expenses.

3.14 Powers and Duties. The Board shall have the following powers and duties:

- (a) To elect the officers of the Association as hereinafter provided;
- (b) To administer the affairs of the Association and the Property and formulate policies for such purposes;
- (c) To adopt administrative rules and regulations governing the administration, management, operation and use of the Property and to amend such rules and regulations from time to time;
- (d) To provide for the maintenance, repair and replacement of those parts of the Property stated in the Declaration to be maintained by the Association;

- (e) To provide for the designation, hiring and removal of employees and other personnel or service companies, including a property manager, to engage or contract for the services of others, to make purchases for the maintenance, repair, replacement, administration, management and operation of the Property and to delegate any such powers to the employees or agents of the Association;
- (f) To estimate the amount of the annual budget, to provide the manner of assessing and collecting from the Owners their respective shares of such estimated expenses as hereinafter provided and to assess any supplemental assessment as the Board shall deem necessary;
- (g) Unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the Owners as expressed in a resolution duly adopted at any annual or special meeting of the Owners; and
- (h) To exercise all other powers and duties of the Board provided for in the Declaration and the Articles.

ARTICLE IV OFFICERS

4.1 Election. Subject to the provisions of the Declaration and Articles, at each annual meeting of the Board, the Board shall elect the following officers of the Association:

- (a) A President, who shall be a director, shall preside over the meetings of the Board and of the Association and shall be the chief executive officer of the Association. In the recess of the Board, the President shall have general control and management of the business and affairs of the Association;
- (b) One or more Vice Presidents, who shall also be directors and who shall, in the absence or disability of the President, perform the duties and exercise the powers of the President;
- (c) A Secretary, who shall keep the minutes of all meetings of the Board and of the membership and who shall perform all the duties generally incident to the office of Secretary;
- (d) A Treasurer, who shall cause to be kept the financial records and books of account of the Association; and
- (e) Such additional officers as the Board shall see fit to elect. An individual may hold more than one position.

4.2 Powers. The officers shall have the general powers usually vested in such officers of a not-for-profit corporation, provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may deem necessary.

4.3 Term. Each officer shall hold office for the term of one year and until his successor shall have been elected and qualified.

4.4 Vacancy. Vacancies in any office shall be filled by the Board at special meetings thereof. Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the whole Board.

4.5 Compensation. Officers shall receive no compensation for their services, unless expressly provided for in a resolution duly adopted by the Owners, but may be reimbursed for expenses.

ARTICLE V
RECORDS

5.1 Accounting. The Board shall maintain accounting records according to generally accepted accounting practices, which records shall be open to inspection by Owners at reasonable times and upon reasonable notice. These accounting records shall include a record of receipts and expenditures and a separate account for each Owner showing the assessments charged to and paid by such Owner. Within ninety (90) days after the end of each year covered by an annual budget, the Board shall cause to be furnished to each Owner a statement for such year showing the receipts and expenditures and such other information as the Board may deem desirable. Upon reasonable notice to the Board, any owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from him.

5.2 Meetings. The Board shall keep a record of all meetings, both of the Board and of the Association. For each action taken, the record shall state the vote and a description of the action approved, and, where applicable, the reasons why the action was considered necessary and a summary of the information on which the decision was based. The record shall be available for inspection by any Member.

ARTICLE VI
AMENDMENT

The Bylaws may be altered, amended, modified or repealed by (a) a majority of the Directors, or (b) assent in writing of members representing a majority of the voting interests. Any such modification shall be effective upon recording in the public records of Escambia County.

ARTICLE VII
SUPREMACY

In the event of a conflict among the Bylaws, Articles or Declaration, the Declaration shall control, followed by the Articles and then Bylaws.

These Bylaws were adopted by the Board on _____ July 31, 2000.

RCD Aug 09, 2000 04:28 pm
Escambia County, Florida

Ernie Lee Magaha
Clerk of the Circuit Court
INSTRUMENT 2000-760213