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Cross-reference to Declaration recorded in
Official Records Book 1298, Page 1889,
Public Records of Osceola County, Florida

THIS SPACE FOR RECORDER'S USE

**SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR
CELEBRATION RESIDENTIAL PROPERTIES**

THIS SUPPLEMENTAL DECLARATION is made this 16th day of May, 2003, by The Celebration Company, a Florida corporation (hereinafter, with its successors and assigns, referred to as "The Celebration Company").

WITNESSETH

WHEREAS, on December 19, 1995, The Celebration Company executed that certain Declaration of Covenants, Conditions, and Restrictions for Celebration Residential Properties which was recorded in Official Records Book 1298, Page 1889, et seq., of the Public Records of Osceola County, Florida, and which document has been subsequently amended and supplemented by the filing of various amendments, corrective amendments and supplemental declarations thereto (the Declaration and all amendments and supplements thereto or thereof are hereafter collectively referred to as the "Declaration"); and

WHEREAS, pursuant to the terms of Article IX, Section 9.1 and Section 9.3, of the Declaration, The Celebration Company may submit certain additional property described on Exhibit "B" of the Declaration to the terms of the Declaration and impose additional covenants and easements on such property by filing a Supplemental Declaration describing the additional property and otherwise modify the terms of the Declaration as it applies to the Additional Property (as hereinafter defined) in order to reflect the different character and intended use of the Additional Property; and

WHEREAS, the property described on Exhibit "A" attached hereto (the "Additional Property") is a portion of that property described on Exhibit "B" to the Declaration; and

WHEREAS, The Celebration Company is the owner of the Additional Property;
and

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WHEREAS, The Celebration Company desires to submit the Additional Property to the terms of the Declaration and to impose upon it certain easements and covenants in addition to those contained in the Declaration;

NOW THEREFORE, pursuant to the powers retained by The Celebration Company under the Declaration, The Celebration Company hereby subjects the real property described on Exhibit "A" hereof to the provisions of the Declaration and this Supplemental Declaration, which shall apply to such property in addition to the provisions of the Declaration. Such property shall be sold, transferred, used, conveyed, occupied, and mortgaged or otherwise encumbered pursuant to the provisions of this Supplemental Declaration and the Declaration, both of which shall run with the title to such property and shall be binding upon all persons having any right, title, or any interest in such property, their respective heirs, legal representatives, successors, successors-in-title, and assigns. The provisions of this Supplemental Declaration shall be binding upon the Celebration Residential Owners Association, Inc. (the "Association") in accordance with the terms of the Declaration.

ARTICLE I

Definitions

The definitions set forth in Article II of the Declaration are incorporated herein by reference.

ARTICLE II

Neighborhood and Service Area Designations

2.1 Neighborhood Assignment. Pursuant to Section 6.4(a) and Section 7.14 of the Declaration, the Additional Property shall be assigned to the Neighborhood and Service Area identified on Exhibit "A".

2.2 Village. Notwithstanding the use of the word "Village" in naming plats of portions of the Properties submitted to the Declaration, as of the date of this Supplemental Declaration, The Celebration Company has not designated the Properties submitted to the Declaration as separate villages pursuant to Section 6.4(c) of the Declaration. Therefore, until and unless The Celebration Company hereafter elects to designate separate Villages pursuant to the Declaration, the Additional Property, together with the Properties previously submitted to the Declaration, shall be deemed to constitute a single Village in accordance with the provisions of the last paragraph of Section 6.4(c) of the Declaration.

ARTICLE III

Maintenance, Insurance and Easements

3.1 Maintenance Responsibilities. Pursuant to authority granted in Section 7.2(c) and Section 7.14 of the Declaration, the Association shall be responsible for

performing, or causing to be performed, on behalf of the Owners of Units within the Additional Property (the "Additional Units"), the following:

(a) maintenance, repair and replacement of such areas within the Additional Property as are conveyed to the Association as Exclusive Common Areas (which may include, without limitation, streets, streetlights, sidewalks, and entry features within the Additional Property); provided, no portion of the Additional Property shall be dedicated or conveyed to the Association as Exclusive Common Area until all improvements to be made thereto are completed, as determined in the reasonable judgment of The Celebration Company, and have been inspected by the Association's designee and determined to be free of material defects in materials or workmanship; and

(b) maintenance, including mowing, fertilizing, watering, insect control, pruning, and replacement as necessary, of all lawns and landscaping installed as part of the initial construction on the Additional Property and any replacements thereof, except landscaping within any enclosed courtyard, patio, fenced or other area not readily accessible from outside the dwelling on an Additional Unit; and

(c) maintenance, including mowing, fertilizing, watering, insect control, pruning and replacement as necessary, of all lawns and landscaping on all property adjacent to the Additional Units for which the Owners of the Additional Units would otherwise be responsible pursuant to the second paragraph of Section 5.1 of the Declaration; and

(d) maintenance of the following exterior portions of the improvements constructed by the original builder on each Additional Unit:

- (i) painting of all exterior portions of the dwellings (including the exterior doors, shutters, and facia thereof), carports, garages, garage doors, and any fence erected along Additional Unit boundaries ("Boundary Fences");
- (ii) caulking of the exterior portions of all windows and doors;
- (iii) repairing and/or replacing, as necessary, the roofs of any dwelling and garage, including any exterior porch roof originally constructed with the dwelling; and
- (iv) pressure cleaning of front sidewalks, exterior front steps, and the exterior walls of all dwellings and garages; and

(e) repairing and replacing, as necessary, of any Boundary Fence; and

(f) maintaining, repairing and replacing, as necessary, the irrigation system (including, without limitation, any sprinklers, pumps, wells, water lines and time clocks,

wherever located) serving those portions of the Additional Units and property adjacent to the Additional Units for which the Association is responsible pursuant to Section 3.1(b) and (c) above, which areas may be irrigated through a master system and controllers operated by the Association, except that the Association shall have no responsibility for any sprinklers or other irrigation equipment installed by the Owner or occupant of any Additional Unit; and

(g) termite treatment of all exterior structural walls and foundations of the dwellings and garages; provided that the Association shall not be liable if such treatment proves to be ineffective; and

(h) repairing or replacing any damaged garage door and exterior door hardware (but not garage door openers), and any other broken exterior door and door hardware on any dwelling; provided, however, the cost of such repair/replacement shall be the responsibility of the Owner of the affected Additional Unit and not the entire Service Area.

Notwithstanding the above, the Association's responsibilities pursuant to subsections (b) through (h) above shall not commence, with respect to all Additional Property, as to each item which is to be the Association's maintenance responsibility hereunder, until (i) the construction or installation of such item is complete; (ii) the Association has been notified in writing and given at least ten (10) business days from the date of receipt of such notice to inspect the item to verify that it is complete and free from material defects; and (iii) the Association has either indicated its acceptance of maintenance responsibility for each such item in writing or failed to notify the responsible builder/developer in writing within such ten (10) business day period of its rejection of such item and the reasons for such rejection, in which case it shall be deemed to have accepted the item. If the Association notifies of its rejection of any item within such ten (10) business day period, the item shall be deemed incomplete and the process shall be repeated until the item is accepted or deemed accepted. The Association shall not reject an item unless it determines, in good faith, that there are material defects in the construction or installation of the item or that it has not been completed in all material respects in accordance with the plans approved by The Celebration Company.

Further, the Association's responsibilities with respect to a particular Additional Unit shall not commence, and, notwithstanding anything to the contrary in any contract or agreement between the builder/developer and any third party for purchase of the Additional Unit, no Additional Unit shall be conveyed, without the prior written consent of the Association, to a person other than a builder or developer purchasing for the purpose of constructing a dwelling thereon for resale, until: (a) completion of construction of a dwelling and all related improvements thereon; (b) issuance of a certificate of occupancy by Osceola County for such dwelling and related improvements, Florida; (c) written notice to the Association giving the Association at least ten (10) business days from the receipt of such notice to inspect the improvements to verify that those elements which are to be the Association's responsibility hereunder are complete and free from material defects; and (d) the Association has either indicated its acceptance

of maintenance responsibility for such Additional Unit in writing or failed to notify the responsible builder/developer in writing within such ten (10) business day period of its rejection of such Additional Unit and the reasons for such rejection, in which case it shall be deemed to have accepted the improvements on the Additional Unit. If the Association notifies the responsible builder/developer of its rejection of the improvements to any Additional Unit within such ten (10) business day period, the improvements shall be deemed incomplete and the process shall be repeated until the Additional Unit is accepted or deemed accepted. The Association shall not reject any Additional Unit unless it determines, in good faith, that there are material defects in the construction or installation of the elements which are to be the Association's maintenance responsibility or that such elements have not been completed in all material respects in accordance with the plans approved by The Celebration Company.

Any dispute between the Association and any builder/developer relating to the status of completion or acceptance shall be subject to the dispute resolution procedures set forth in the Declaration.

In conducting inspections hereunder, the Association is acting solely to protect its own interest and such right of inspection shall not create any duty to any purchaser or subsequent owner of any of the Additional Units nor shall any such purchaser or owner have any right to rely upon the Association's inspection for any purpose.

Except as set forth above, maintenance of all portions of the Additional Units, including driveways serving the dwelling on the Additional Units and any landscaping or improvements installed by the Owners or occupants of any Additional Unit, shall be the responsibility of the respective Owners, as provided in Section 5.1 of the Declaration.

The Association shall not be responsible for any maintenance or repairs to any window, anything contained within any dwelling or garage, or any improvement or modification added or made to any improvement after the conveyance of the Additional Unit to the first Owner following completion of construction of the dwelling thereon by the builder.

All maintenance on Additional Units shall be performed in a manner and on a schedule consistent with the Community-Wide Standard.

3.2 Insurance on Additional Units. Each Owner shall maintain property insurance providing fire and extended coverage at full replacement cost, less a reasonable deductible, on all insurable improvements located on such Owner's Additional Unit and shall provide a certificate evidencing such insurance to the Association with payment of the annual Base Assessment for such Additional Unit and at other times upon request of the Board. The insurance policy shall name the Association as an additional insured. In the event of a casualty loss, the Association shall be entitled to file a claim on such insurance policy for the cost of any repair or reconstruction to the Additional Unit and improvements thereon which is the Association's responsibility, and the Owner shall pay the amount of any deductible and shall be responsible for any deficiency in the insurance

proceeds. The Association shall be entitled to adjust with the insurance provider the amount of any proceeds payable to the Association and the Owner thereunder, based upon the amount necessary to enable the Owner and the Association each to repair and replace those portions of the Additional Unit and improvements thereon which are their respective responsibilities.

In the event that an Owner fails to obtain such insurance or permits such insurance to lapse, the Association may, but shall not be obligated to, obtain such insurance on behalf of the Owner and assess the costs thereof to the Owner and the Owner's Additional Unit as a Specific Assessment. In the absence of sufficient insurance on any Additional Unit, the Association shall be relieved of its obligations to maintain, repair and replace damaged or destroyed portions of the Owner's Additional Unit, to the extent of such insufficiency. Alternatively, the Association may perform required repairs, whether the responsibility of the Association or the Owner, and assess all costs to the Owner and the Owner's Additional Unit as a Specific Assessment.

3.3 Costs. Notwithstanding any contrary provision in Section 13.2 of the Declaration, the cost of all maintenance, repairs and replacements performed by the Association hereunder (except as otherwise provided in Section 3.1(h) above), the cost of water and electricity used in connection with the Association's irrigation of landscaping hereunder, and the cost of insurance provided by the Association on Additional Units pursuant to Section 3.2 of this Amendment (if required to be provided directly by the Association or if the Association elects to maintain insurance on behalf of an Owner of an Additional Unit and the Association is not reimbursed therefor), shall be allocated equally among the Additional Units as a Service Area Assessment pursuant to Sections 7.2 and 8.2 of the Declaration.

3.4 Maintenance Easement. The Association shall have a perpetual, non-exclusive easement over the Additional Units for the purpose of performing its responsibilities hereunder and under the Declaration, which easement may be exercised by the Association, its officers, directors, employees, agents and contractors, and entry upon any Additional Unit for such purpose shall not be deemed a trespass.

3.5 Cross-drainage Easement. Each Additional Unit shall be burdened with a perpetual, non-exclusive easement over that portion of the Additional Unit which is not improved with structures, for the purpose of drainage of stormwater runoff from any portion of the Properties; provided, no Person shall alter the natural drainage of stormwater from any Additional Unit once construction of initial improvements has been completed so as to unreasonably increase the drainage of stormwater onto adjacent portions of the Properties without the consent of Owner(s) of affected property, the Board, and the Declarant as long as it owns any property subject to the Declaration.

3.6 Easement for Irrigation Equipment. The Association shall have a perpetual, non-exclusive easement over, under and through all exterior portions of each Additional Unit, except any area upon which structures have been erected and any fenced or enclosed area, for the purpose of installing, maintaining, repairing, replacing and

operating all irrigation equipment, systems and lines serving all or any portion of the Additional Units and/or property adjacent to the Additional Units for which the Owners of the Additional Units would otherwise be responsible under Section 5.1 of the Declaration.

ARTICLE IV **Amendments**

4.1 By The Celebration Company. Until termination of the Class "B" membership in the Association, The Celebration Company may unilaterally amend this Supplemental Declaration for any purpose. Thereafter, The Celebration Company may unilaterally amend this Supplemental Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Additional Units; (c) to enable any institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Additional Units; (d) to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Additional Units; or (e) to satisfy the requirements of any governmental agency, provided such amendment does not adversely affect the title to any Additional Unit without the Owner's written consent. The Declarant may also unilaterally amend this Supplemental Declaration at any time for the purpose of submitting additional property to the terms hereof or revising the description of property on Exhibit "A" to reflect revisions to recorded plats, or to redesignate Service Areas or Neighborhoods.

4.2 By Owners. Except as provided above and otherwise specifically provided herein, this Supplemental Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of 75% of the Owners of the Additional Units, the written consent of the Association acting upon resolution of its Board of Directors, and, so long as The Celebration Company has an option to subject additional property to the Declaration pursuant to Article IX, Section 9.1 of the Declaration, the consent of The Celebration Company. No amendment shall be inconsistent with the Declaration. If an Owner consents to any amendment to this Supplemental Declaration, it will be conclusively presumed that such Owner has the authority to so consent, and no contrary provision in any mortgage or contract between the Owner and a third party will affect the validity of such amendment. No amendment may remove, revoke, or modify any right or privilege of The Celebration Company without its written consent or the written consent of The Celebration Company's assignee of such right or privilege.

4.3 Class A and Class B Votes. Notwithstanding the provisions of Section 4.2 above, no amendment adopted pursuant to this Section shall be effective to withdraw the real property described herein from the provisions of the Declaration unless also approved by Voting Members representing 75% of the total Class "A" votes in the Association and by the Class "B" Member, if such exists. The percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes

required for action to be taken under that clause. To be effective, any amendment must be recorded in the Public Records of Osceola County, Florida.

ARTICLE V
Miscellaneous

5.1 Single Family Residences. Each Additional Unit may be improved with no more than one single family residential dwelling and such accessory structures and improvements consistent with a single family residential dwelling and such accessory structures and improvements consistent with a residential neighborhood (which may include a garage with additional living quarters, not to exceed one garage apartment) as may be permitted pursuant to the architectural controls described in the Declaration and in the deed conveying each Additional Unit. Use of each Additional Unit within the Additional Property shall be subject to the limitations on business use set forth in the Declaration and the Use Restrictions and Rules. The Additional Property is not and shall not be a "Home Business Neighborhood" as defined in the Declaration.

5.2 Leasing Restrictions. Pursuant to Paragraph 5 of Exhibit "C" of the Declaration and solely with respect to the Additional Property, all leases of Additional Units shall be for initial terms of no less than three (3) months; provided, however, that no Additional Unit shall be leased more than twice in any twelve (12) month period. The foregoing lease restrictions will be set forth in a separate Declaration of Perpetual Covenants, Conditions, Restrictions and Obligations to be recorded against title to the Additional Property, which restrictions are intended to constitute covenants that will run with title to the land.

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IN WITNESS WHEREOF, the undersigned has executed this Declaration as of the date and year first above written.

DECLARANT: THE CELEBRATION COMPANY, a Florida corporation

ADDRESS: 610 Sycamore Street, Suite 310 Celebration, Florida 34747

By: [Signature]
Name: Perry J. Reader
Title: President

[CORPORATE SEAL]

WITNESSES:

[Signature]

KIMBERLY LOCHER (Printed Name)

[Signature]

Awilda Santos (Printed Name)

STATE OF FLORIDA

COUNTY OF OSCEOLA

The foregoing instrument was acknowledged before me this 12th day of May, 2003, by Perry J. Reader, President of The Celebration Company, a Florida corporation, on behalf of the corporation. He is personally known to me.

NOTARY PUBLIC:

[Signature] (Signature)

Notary Public, State of Florida
Name of Notary Public typed, printed or stamped here:

Awilda Santos
My Commission CC882493
Expires October 24, 2003

(NOTARIAL SEAL)

EXHIBIT "A"**ADDITIONAL PROPERTY**

Neighborhood: East Village Blue Sage Street Townhome Neighborhood

Service Area: Blue Sage Street Townhome Service Area

Lots 71 through 82, inclusive; **CELEBRATION EAST VILLAGE UNIT 3**, according to the Plat thereof, as recorded in Plat Book 13, Pages 162 through 183, inclusive, of the Public Records of Osceola County, Florida, as such property may be replatted from time to time.