

EXHIBIT "C"
Rules

The purpose of Rules is not to anticipate all acceptable or unacceptable behavior in advance and eliminate all improvements or activities that fall outside of "the norm." In fact, it is expressly intended that the Reviewer under Chapter 5, and the Board, as appropriate, have discretion to approve or disapprove items, or to enforce or not enforce technical violations of the Governing Documents, based upon aesthetic or other considerations consistent with the established guidelines. As such, while something may be approved or permitted for one Unit under one set of circumstances, the same thing may be disapproved for another Unit under a different set of circumstances. The exercise of discretion in approving or enforcement shall not be construed as a waiver of approval or enforcement rights, nor shall it preclude the Board from taking enforcement action in any appropriate circumstances.

The following Rules shall apply to all of the Residential Properties until such time as they are amended, modified, repealed, or limited by rules of the Association adopted pursuant to the Charter.

1. **General.** The Residential Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or sales offices for any real estate broker retained by The Celebration Company, its designees or assigns, to assist in the sale of property described in **Exhibit "A" or "B,"** offices for any property manager retained by the Association, or business offices for The Celebration Company, its designees or assigns, or the Association) consistent with this Charter and any Supplement. Except as specifically provided in this **Exhibit "C,"** Units shall be used for single-family residential purposes only.

2. **Restricted Activities.** Unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board, the following activities are restricted within the Residential Properties:

(a) Parking any vehicles on any portion of a Unit other than in a garage, carport, or driveway; parking vehicles on that portion of any driveway located between the front facade of the dwelling and the street that the dwelling faces, except temporarily for a period not to exceed 24 hours in any 48-hour period; parking more than two vehicles per Unit on public or private streets or thoroughfares; parking vehicles on grass anywhere within the Residential Properties; or parking commercial vehicles or equipment, mobile homes, boats, trailers, or stored or inoperable vehicles in places other than enclosed garages, except temporarily for a period not to exceed four hours for loading and unloading; provided, such restrictions shall not apply to construction vehicles or third party service vehicles while providing services to the Unit on or adjacent to which they are parked or to guest parking in accordance with such reasonable regulations as the Board may adopt;

(b) Raising, breeding, or keeping animals except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Unit subject to such additional rules as may be adopted for the Residential Properties or any portion thereof, which rules may prohibit all pets or specific types of animals. Any pet that the Board, in its sole

discretion, determines to be a nuisance shall be removed from the Unit upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet;

(c) Any activity or condition that interferes with the reasonable enjoyment of any part of the Residential Properties or that detracts from the overall appearance of the Residential Properties;

(d) Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and recorded, except that The Celebration Company shall be permitted to subdivide or replat Units that it owns;

(e) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(f) Occupancy of a Unit by more than two persons per bedroom in the Unit. For purposes of this provision, "occupancy" shall be defined as staying overnight in the Unit more than 30 days in any six-month period;

(g) Operation of golf carts on portions of the Residential Properties other than Golf Courses and cart paths designated for such purpose, except that agents, employees, and representatives of the Association, the Nonresidential Association, the Joint Committee, and the CDD's may operate golf carts within the Residential Properties in the performance of their respective duties, and the agents, employees, and representatives of The Celebration Company and its affiliates may operate golf carts within the Residential Properties in conjunction with their respective development, marketing, and sales activities; provided, nothing herein shall preclude the operation of electric vehicles in and on streets and other paved areas intended for vehicular traffic if such vehicles meet the requirements of Florida law for operation on public streets at night and if permitted by Osceola County;

(h) Conducting, participating in, or holding any events, functions, or programs that involve games of chance, raffles, gambling, wagering, betting, or similar activities where the participants pay money or give other valuable consideration for the opportunity to receive monetary or other valuable consideration; provided, the foregoing is not intended to bar the occasional use of the interior of a residential dwelling on the Residential Properties for the activities described in this subparagraph so long as such use is either: (i) in conjunction with fundraising activities for a non-profit or charitable organization, or (ii) is a private, social, non-commercial activity;

(i) This subsection shall not apply to any activity conducted by The Celebration Company or a Builder approved by The Celebration Company with respect to its development and sale of the Residential Properties or its use of any Units that it owns within the Residential Properties, including the operation of a timeshare or similar program.

Garage sales, rummage sales, or similar sales not exceeding two consecutive days in duration will not be considered a business or trade so long as the Owners or occupants of a Unit do not hold, sponsor, or participate in more than one such sale within the Residential Properties in any 12-month period. Community-wide garage sales are excluded from this restriction.

Notwithstanding anything to the contrary in this Charter, The Celebration Company and any Builder approved by The Celebration Company may utilize Units as show houses or model homes. Furthermore, The Celebration Company and any approved Builder may each utilize a Unit or other approved portions of the Common Area as a sales office for homes being constructed within the Residential Properties;

(j) Property Modifications: Any modifications to any portion of a Unit visible from any other Unit, property, or any adjacent street, sidewalk, or alley, including, but not limited to, any changes to landscaping or placement of decorations, sports, or play equipment or other structures or signage or other means of advertisement or promotion, or any other personal property or improvements on any portion of a Unit visible from any other Unit, property or any adjacent street, sidewalk, or alley, except as authorized pursuant to Chapter 5, or as otherwise provided herein or under applicable law; provided:

(i) Temporary Decorations: A reasonable number of holiday and religious decorations may be displayed on a Unit for up to 40 days prior to the holiday or religious observance and up to 14 days thereafter without prior approval, subject to the right of the ARC to require removal of any such decorations which it deems (A) to be excessive in number, size, or brightness, relative to other Units in the area; (B) to draw excessive attention or traffic; or (C) unreasonably to interfere with the use and enjoyment of neighboring properties; and

(ii) Security System Signs: One sign, not exceeding 9"x12" in size, may be mounted in a window or on a stake not more than 36" above the ground, without prior approval, to identify the Unit as being equipped with a security system and/or monitored by a security service.

(k) Conversion of any garage or carport to a use that precludes the parking therein of the number of vehicles for which it was originally designed. There is an exemption to this Rule for Celebration Village Residential Area Home Business District, Lots 342-355 as recorded on the Plat of Celebration Village Unit 2, Plat Book 8, Page 185, Public Records of Osceola County, Florida, if an aforementioned Lot meets all of the following criteria:

(i) The home on the Lot was originally designed with an alley-loading garage;

(ii) All off-street parking requirements specified in the CDP96-0082 or by Osceola County, whichever is greater, are accommodated on the property behind the home;

(iii) Parking area is achieved without the use of either underground or aboveground parking structures; and

(iv) At least 45% of the total square footage of the parking spaces is covered by a decorative structure with landscape material.

3. **Home Business Neighborhoods.** The Celebration Company hereby designates the Units identified as Lots 342 through 355, inclusive, of Celebration Village Unit 2, according to the plat thereof recorded in Plat Book 8, Pages 185-212, of the Public Records of Osceola County, Florida, as a "Home Business Neighborhood" and reserves the right to designate

other areas of the Residential Properties as a Home Business Neighborhood. Designation by The Celebration Company of an area as a Home Business Neighborhood shall be made prior to any Unit being sold by The Celebration Company in such area. Otherwise, the Board may designate an area as a Home Business Neighborhood only with the prior written approval of 90% of the Owners of Units located within such area. Use of each Unit located within a Home Business Neighborhood shall be subject to applicable zoning and such additional covenants and restrictions as may be contained in any applicable Supplement, the deed from The Celebration Company conveying such Unit, and any covenants and restrictions contained or referenced therein, all of which shall be enforceable by the Association as if set forth in the Charter. Designation as a Home Business Neighborhood shall not relieve any Unit in such area from complying with all architectural controls and construction and design criteria that would apply to such Unit in the absence of such designation.

4. **Prohibited Conditions.** The following shall be prohibited within the Residential Properties:

(a) Operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, except that The Celebration Company and its assigns may operate such a program with respect to Units it owns;

(b) Display of flags must conform to Architectural Review Committee guidelines.

(c) Exterior antennas, aerials, satellite dishes, or other apparatus for the transmission or reception of television, radio, satellite, or other signals of any kind, except that:

(i) an antenna designed to receive direct broadcast satellite services, including direct-to-home satellite services, that is one meter or less in diameter;

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multi-channel, multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or

(iii) an antenna designed to receive television broadcast signals;

(collectively, "**Permitted Antennas**") shall be permitted in rear yards or mounted on the rear of improvements that have been constructed in accordance with this Charter; provided, as a general principle, all Permitted Antennas and related equipment and wiring shall be located so as to minimize their visibility from any street (not including any alley) adjacent to the front or side of any lot, provided that no Owner shall be required to locate any Permitted Antenna in any location that adversely affects such Permitted Antenna's ability to receive signals or that unreasonably increases the cost that such Owner would incur to install, maintain, or use said Permitted Antenna.

If an Owner needs to install a Permitted Antenna and/or its related equipment and wiring in any side yard, or on the side of any improvements, or in any front yard, or on the front of any improvements in order to avoid a diminution in signal reception from the Permitted Antenna or unreasonable costs to install, maintain, or use said Permitted Antenna, then, unless prohibited by

applicable law, any installation in the front or side yard or on the front or side of any improvements shall be subject to review and approval by The Celebration Company or, upon delegation of its powers, by the ARC pursuant to Chapter 5 of the Charter. Any such review shall be completed, and the resulting requirements communicated to the Owner, within seven days of receipt of the application for review.

The Celebration Company or the ARC may impose requirements as to location within the front or side yard or on the front or side of any improvements and the manner of installation and screening with landscaping or otherwise, in order to minimize the visibility of the Permitted Antennas and related equipment and wiring from adjacent streets and adjacent property, so long as such requirements are not inconsistent with applicable law. If any portion of this subparagraph (c) is deemed invalid under applicable law, the balance of the provisions of this subparagraph shall be applied and construed so as to effectuate, to the maximum extent possible, the intent expressed above in this subparagraph (c) regarding locating Permitted Antennas in the least visible location on any lot or improvements.

The Celebration Company and the Association shall have the right, without obligation, to erect or install and maintain any such apparatus for the benefit of all or a portion of the Residential Properties.

5. **Sale of Units.** It is critical for buyers to be familiar with the rules governing home ownership in Celebration. Upon sale or transfer of a unit, the Unit Owner shall provide a complete copy of the Association's governing documents to the prospective purchaser. The Unit Owner shall also provide written confirmation of such disclosure to the Association in a form approved by the Board seven days prior to conveyance of the Unit. Failure to provide said confirmation shall result in an \$150 administrative fee charged to the Unit Owner for the cost of providing such information to the prospective purchaser.

6. **Leasing of Units.** "Leasing," for purposes of this Charter, is defined as regular, exclusive occupancy of a Unit by any person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. Except as otherwise provided in any applicable Supplement or other applicable covenants, Units may be leased in their entirety, or a garage apartment that is separate from the primary dwelling on a Unit may be leased, or a dwelling and a garage apartment on a Unit may be separately leased to different tenants; however, no single rooms or other fraction or portion of a Unit constituting less than the entire dwelling or garage apartment may be leased, and no Unit or portion thereof shall be used for operation of a boarding house, "Bed and Breakfast" establishment, or similar accommodation for transient tenants.

Except for leases of garage apartments or as may otherwise be permitted by any applicable Supplement or other applicable covenant, all leases shall be for an initial term of no less than one year except with the Board's prior written consent. Leases of garage apartments shall be for an initial term of no less than three months, and no garage apartment or Unit shall be leased to more than two separate tenants in any 12-month period. No garage apartment shall be leased or used for any purpose other than residential use, except that the occupant of the primary dwelling on a Unit may use the garage apartment for other uses consistent with the Charter and these Use Restrictions and Rules.

An Owner may not lease his or her garage separately from the Unit for storage of non automobiles, as such actions shall be considered a prohibited commercial use.

Notice of any lease, together with such additional information as the Board may require, shall be given to the Board by the Unit Owner within 10 days of execution of the lease. Failure to do so will result in a \$1,000 fine to the Owner. The Owner must make available to the lessee copies of the Charter, By-Laws, and the rules and regulations. There shall be no subleasing or assignment of any lease unless prior written approval is obtained from the Board of Directors or its designated administrator.

7. **Signs.** The following restrictions on signs shall apply to all Units within the Residential Properties unless otherwise stated or unless otherwise approved by the Board of Directors. All signs must meet the guidelines adopted by the Board of Directors.

(a) After the initial occupancy of a Unit, no "for sale" signs may be posted on a Unit unless the Owner of the Unit has completed an application to be provided by the Association for the posting of a "for sale" sign, has submitted such application to the Association, and has received an approval of such application from the Association. All such signs shall be of a form approved by the Association. Signs shall be of the same quality as those generally used by real estate professionals selling homes in the area. The Association shall be entitled to charge a fee in connection with the submittal of such application. Any "for sale" signs that have been approved by the Association shall be erected in such location upon the applicable Unit as the Association chooses, within its sole and absolute discretion, and shall be subject to relocation or removal by the Association in accordance with the terms of the approved application. Owner acknowledges that the sign erected by the Association shall be the only sign or other evidence permitted on the Unit that indicates that the Unit (or any other property) is for sale, and no other plan tubes or boxes, dissemination of printed material, other signage or any other externally visible evidence that the Unit or any other property is for sale, or any other means by which the public can get information on the Unit or any other property shall be permitted, provided, The Celebration Company, or its designee, shall be entitled to post signs without Board approval.

(b) An "open house" sign indicating that the Owner of the Unit is hosting such an event may be posted on the Unit for a period not to exceed three continuous days. Such sign must conform to Architectural Review Committee guidelines.

(c) Up to three signs not exceeding 18" by 24" containing political or similar endorsements may be posted on a Unit. Such signs may only be posted for 45 days prior to an election or a vote on a referendum and for two days thereafter.

(d) The Celebration Company may post "model home" or similar signs on a Unit containing model homes open to the public prior to initial occupancy of the Unit.

(e) A Unit within a Home Business Neighborhood, as described in Paragraph 3, may be identified with one sign not to exceed 24" by 36," which sign shall be subject to prior review and approval by the Architectural Review Committee.

8. **Single-Family Residences.** Each Unit may be improved with no more than one single-family residential dwelling and such accessory structures and improvements consistent with a

residential neighborhood as may be permitted pursuant to the architectural controls described in the Charter and in the deed conveying the Units. Subject to the provisions of any Supplement, the area above a garage may contain no more than one apartment that may be used as an independent living unit (which for purposes hereof is defined as a kitchen, bathroom, and living quarters or any living unit that is utilized, leased, or intended to be leased by or to third parties). No Unit shall contain more than one primary residence and more than one independent living unit, and in no event shall the primary residence and independent living unit be under separate ownership.

9. **Window Coverings.**

(a) Unless The Celebration Company (or the ARC, if The Celebration Company hereafter elects to delegate such approval responsibility to the Association) otherwise agrees, the only acceptable window coverings that may be affixed to the interior of any windows visible from any street, alley, or other portion of the Residential Properties are drapes, blinds, shades, shutters, or curtains. The side of such window coverings that is visible from the exterior of any improvements must be white or off-white in color, except that any window coverings consisting of wooden blinds or shutters may be a natural wood color. Notwithstanding the foregoing, The Celebration Company (or the ARC, if The Celebration Company hereafter elects to delegate such approval responsibility to the Association) may, from time to time, approve additional colors as acceptable for the portions of window coverings visible from streets, alleys, Common Areas, or other Units.

(b) No window tinting or reflective coating may be affixed to any window that is visible from any street, alley, or other portion of the Residential Properties without the prior approval of The Celebration Company (or the ARC, if The Celebration Company hereafter elects to delegate such approval responsibility to the Association).

10. **Porches.** The Association reserves the right to promulgate additional rules and regulations concerning, among other things, criteria and requirements relating to what furnishings and other decorative items may be placed on porches facing any public street. Without limiting the foregoing, in all events, all furnishings and any other items located on porches facing public streets must be designed for outdoor use. Should any plants located on any such porches die, they shall promptly be removed or replaced with living plants.

11. **Dissemination of Information Regarding Activities or Uses that are in Violation of the Charter.** A Unit Owner, or any other person or entity on behalf of a Unit Owner, is prohibited from disseminating information through or otherwise advertising in any medium, including, without limitation, the Internet, bulletin boards, newsletters, newspapers, or any other publications regarding or soliciting persons to engage in any activity or use that would otherwise be prohibited under this Charter. (For example, placing or distributing advertisements soliciting tenants for short-term rentals in Units where such use is not authorized by this Charter would be a violation of this Charter).

12. **Garbage and Trash.** No trash, rubbish, debris, garbage, or other waste material or refuse shall be placed, stored, or permitted to accumulate on any part of a Unit except in covered or sealed sanitary containers and must not be placed outside for pick-up prior to 7:00 p.m.

on the night before such garbage is scheduled to be picked up. All such sanitary containers must be stored out of view from the front façade.

13. **Personal Nature of Monetary Obligations to the Association.** All monetary obligations to the Association are personal in nature and in addition to any lien rights possessed by the Association. Any Owner, tenant, guest, or occupant of a unit that owes any monetary obligation to the Association is subject to suspension of the right to use the Common Area facilities, electronic accounts and amenities pursuant to Chapter 8 of the Charter (including notice and hearing requirements). The suspension of use rights shall continue until the entire monetary obligation is paid. This includes all monetary obligations that arise from any source including, but not limited to, assessments, interest, fees, costs of collections, fines, charges and other obligations or penalties, arising out of any past or present ownership or tenancy. This suspension of use rights shall extend to all members of the individual's family unit as defined in Chapter 7.1(f) of the Charter.

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