

REC 16350
2/10/96

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CERTAIN PROPERTIES IN SECTIONS 9 AND 10, TOWNSHIP 21 SOUTH,
RANGE 20 EAST, KNOWN AS "KESTREL HIGHLANDS FARMS"**

Declaration, made this 8th day of April, 1996, by John H. Holzaepfel and Crystal Holzaepfel, his wife; Kevin Callaghan and Barbara Callaghan, his wife; Michael D. Kocolowski and Mary Ann Kocolowski, his wife; Robert P. Fleischer and Vickie D. Fleischer, his wife; John R. Vitola and Georgine A. Vitola, his wife; John R. Kocolowski and Rhonda L. Kocolowski, his wife; and Stuart R. Spencer and Sandra G. Spencer, his wife ("Declarants"),

W I T N E S S E T H:

Declarants are the owners of seven parcels of land (referred to as Parcels 1 through 7, inclusive) located in Sections 9 and 10, Township 21 South, Range 20 East, Citrus County, Florida, as described on Exhibit A attached hereto, the specific ownership of each parcel being shown on said exhibit. Said tracts are served by the Access Tract traversing the tracts, as described on Exhibit B attached hereto.

For the purpose of enhancing and protecting the value, attractiveness and desirability of said tracts and in order to keep and maintain said Access Tract in neat, safe and passable condition, Declarants hereby declare that all of the real property described above and each tract thereof shall hereafter be held, sold and conveyed subject to the following easements, covenants and restrictions, which shall constitute covenants running with the land and be binding on all parties having any right, title or interest in said property or any tract thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

Declarants hereby each give, grant and dedicate to the other, his heirs and assigns, such easements, licenses or other rights over their respective tracts as are required or necessary to confer on all owners the right to use the Access Tract as contemplated by this Declaration, and each Declarant acknowledges having received real and valuable consideration for such transfer of rights.

**ARTICLE I
DEFINITIONS**

Section 1. The "Community" means the tracts and Access Tract described on Exhibits A and B, collectively.

Section 2. The "Association" shall mean and refer to Kestrel Highlands Farms Homeowners Association, Inc., a Florida non-profit corporation, its successors and assigns, a certified copy

Prepared by:

GENE H. AUVEL, P.A. ATTORNEY-AT-LAW POST OFFICE BOX 1476 BROOKSVILLE FLORIDA 34605-1476 (904) 796-7141

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of the Association's Articles of Incorporation and a true copy of its By-Laws being attached hereto as Exhibits D and E, respectively.

Section 3. "Tract" shall mean any one of the seven tracts of real property described on Exhibit A and shall also include any parcel or parcels divided or severed from an original tract pursuant to Article VI-1 hereof.

Section 4. The "Access Tract" shall mean the property set aside for common roadway serving said tracts described on Exhibit B.

Section 5. "Owner" shall mean the record owner, whether one or more persons or entities, of fee simple title to any tract or a buyer of any tract under an agreement for deed, but shall not include those parties holding title merely as security for performance of an obligation.

Section 6. "Maintenance" of the Access Tract shall mean the permanent and constant keeping of said tract in the condition of repair reasonably required to serve the needs of the owners of tracts in the Community.

ARTICLE II ASSOCIATION; PURPOSE

Section 1. Notwithstanding that ownership of the subservient estates underlying the Access Tract is vested in the respective owners of said tracts, absolute control and dominion of the Access Tract is vested in the Association, and by acceptance of a deed there is hereby delegated to the Association by each Owner full and exclusive right and authority to keep, repair and maintain said Access Tract free of interference by any owner.

Section 2. The Association shall keep and maintain the Access Tract in a neat, safe and passable condition, consistent with the standard of maintenance set forth in Article I-6 hereof.

ARTICLE III MEMBERSHIP IN ASSOCIATION; VOTING RIGHTS

Section 1. Every owner of a tract shall be a member of the Association. However, conveyances by an owner to a family partnership or trust or child of the owner shall not be treated as a transfer of ownership for purposes of this Declaration unless and until a homestead is created on such property. Membership shall be appurtenant to and may not be separated from ownership of a tract.

Section 2. Owners shall be entitled to one vote for each tract owned. When more than one person holds an interest in a

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given tract, all such persons shall be members and the vote for such tract shall be exercised as they may determine among themselves. In no event shall more than one vote be cast with respect to any tract.

ARTICLE IV
PROPERTY RIGHTS

Section 1. Every owner in the Community shall have the right of ingress, egress and travel over the Access Tract, which right shall be appurtenant to and shall pass with the title to every tract, subject to the right of the Association to dedicate or transfer all or any part of the Access Tract to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer shall have been signed by two-thirds of the members and recorded in the public records of Citrus County, Florida.

Section 2. Any owner may delegate in accordance with the By-Laws of the Association his rights of enjoyment to the Access Tract to the members of his family, his tenants, invitees and guests.

ARTICLE V
ASSESSMENTS

Section 1. Declarants, for each tract owned by them, hereby covenant and agree, and each owner of any tract by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association periodic assessments for the purposes of maintaining and repairing the Access Tract. Such assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon each tract. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the party who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to an owner's successors in title unless expressly assumed by them.

Section 2. The assessments levied by the Association shall be used exclusively for the maintenance and upkeep of the Access Tract and payment of operating expenses and overhead of the Association.

Section 3. Because the Access Tract is a "dead-end" roadway, accessible from outside the Community only at its North end, and there will obviously be disproportionate use of the Access Tract by the various tract owners, i.e., owners at or near the

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entrance will not regularly use that portion of the Access Tract further inward from their tracts, whereas owners at the terminal portions will be required to regularly use substantially more of the Access Tract. Therefore, for the purpose of fairly apportioning maintenance costs the Access Tract has been divided into zones A, B, C and D, based on the relative proximity of the tracts to the entrance, as shown on the sketch attached hereto as Exhibit C:

<u>Zones</u>	<u>Tracts Responsible</u>
1 - 7 (all tracts)	A
4 - 7	B
6 - 7	C
1 - 4	D

and maintenance costs for a particular zone will be apportioned equally among the tracts bearing responsibility for that zone.

Section 4. In the event of the division or severance of a new tract from a tract described on Exhibit A, the tracts resulting from such division or severance shall be equally liable for assessments allocated to the original parent tract hereunder.

Section 5. Any assessment not paid within thirty days after the due date shall bear interest from the due date at the highest rate permitted by law. The Association may bring an action at law against the owner personally obligated to pay same or foreclose a lien against his property.

Section 6. The assessment lien provided for herein shall be subordinate to the lien of any mortgage of record. A sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to a mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the assessment lien as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot

from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE VI DIVISION AND COMBINATION OF TRACTS

Section 1. No tract may be divided except as permitted and authorized by Citrus County regulations and ordinances. A tract resulting from the division or severance of an original tract pursuant to the terms hereof shall be recognized for the purposes of this Declaration only when a deed has been recorded in the public records vesting ownership of such new tract or tracts in a party other than the owner of the remainder of the parent tract.

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Section 2. It shall be permissible for an owner to use two or more full tracts for one residence site, but the tracts so combined shall continue to be treated as separate tracts for assessment purposes.

ARTICLE VII
USE RESTRICTIONS; DURATION; ENFORCEMENT

The following use restrictions shall apply to the Community:

1. Dwelling Requirements: The ground floor of dwelling structures shall not be less than 1,700 square feet of heated and air conditioned living area for one-story dwellings, nor less than 1,200 square feet for a dwelling of more than one story. For purposes of determining the square footage of the ground floor of a dwelling unit, the first habitable floor of a unit is the ground floor.

Buildings supported by a stilt structure are prohibited.

Mobile homes and manufactured homes are prohibited.

Above-ground pools are prohibited.

2. Residences: There shall be only one single family residence per 10-acre tract, nor shall any parcel be subdivided into less than 10-acre tracts.

3. Nuisances: No nuisance, annoyance or noxious or offensive trade or activity shall be carried on in the real property nor shall anything be done in the real property that may be or may become an annoyance or nuisance to the surrounding property owners. Any recreational vehicle, boat, inoperative vehicle or machinery shall be kept in an enclosed area or an area visually shielded from the roadway and adjoining lots.

4. Trash Disposal: No portion of the real property shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste. Incineration is prohibited. All trash and garbage shall be disposed of outside the real property.

5. Setbacks: No part of any structure excluding fences shall be placed or constructed within 100 feet of the front property line or within 75 feet of the rear and any side property lines.

6. Construction: All homes, barns, fencing and other structures shall be constructed with new material and designed and erected in a workmanlike manner. Any construction begun shall be completed within one year of commencement; the outside of any structure and roof shall be completed within 90 days after construction of the structure has begun.

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7. Storage. All equipment, wells and pump sites, materials, lumber, bricks, fencing posts, or other such items shall be placed and/or stored so as to not be visible to the passing public.

8. Signs: All signs, including advertising signs, shall be neat in appearance and professionally designed and constructed, and shall not exceed two feet by four feet.

9. No Tractor-Trailers: No semi tractor-trailers are allowed on the real property for over a period of twenty-four hours.

10. No Hunting: There shall be no molesting or hunting of wildlife on the real property except to exterminate vermin or animals which threaten livestock.

11. Fences: Fences shall be erected by each owner as required by Citrus County, Florida.

12. No Structures on Access Tract: No structure of any type shall be placed on the Access tract and no parking or storage shall be permitted thereon.

13. Owner Maintenance: The real property and improvements thereon, whether vacant or occupied, shall be maintained in a neat and attractive condition. Any damage caused to pavement, driveways, drainage structures, or landscaping during such maintenance shall be promptly restored and repaired by the entity responsible for such damage. The owner may not construct or maintain any building, residence, or structure, or undertake or perform any activity in any wetlands, buffer areas, upland conservation areas, and flood plains described in any applicable permit unless prior approval is received from the SWFWMD pursuant to Chapter 40D-4.

14. Attorneys' Fees: Should any of the reservations or restrictions set forth herein be violated and not abated within 10 days after receiving written notification thereof, whether by U.S. mail or by placing notice on the violator's premises, the violator or person breaching said restrictions shall be liable and shall pay the reasonable attorneys' fees and costs of any person who successfully brings a suit to enjoin the violation of these restrictions and reservations.

15. Severability: Invalidation of one or more of these covenants by judgment or court order shall in no wise affect the other provisions of these covenants, which shall remain in full force and effect.

16. Oil, Gas, and Minerals: No oil, gas or mineral exploration, or quarrying, mining or drilling operations of any kind (other than properly permitted water wells) shall be permitted

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upon or on the real property, nor shall tunnels, mineral excavations or shafts be permitted upon or in the real property. Borrow pits are prohibited.

17. Duration: The covenants and restrictions set forth herein shall run with and bind the land for a term of twenty-five (25) years from the date of recordation of this Declaration, and thereafter until seventy-five percent of the then owners file in the public records of Citrus County an instrument canceling the restrictions.

18 Amendment: Anything herein to the contrary notwithstanding, this Article may be amended at any time by a written document executed by the owners of seventy-five percent of the tracts in the Community.

Executed by the Declarants this 8th day of April, 1996.

Signed, sealed and delivered
in the presence of:

Shirley M. Auvil
Signature of Witness
Print Name of Witness below:
SHIRLEY M AUVIL

Ann M. Horning
Signature of Witness
Print Name of Witness below:
ANN M. HORNING

Shirley M. Auvil
Signature of Witness
Print Name of Witness below:
SHIRLEY M AUVIL

Ann M. Horning
Signature of Witness
Print Name of Witness below:
ANN M. HORNING

John H. Holzaepfel
John H. Holzaepfel

Crystal Holzaepfel
Crystal Holzaepfel

Kevin Callaghan
Kevin Callaghan

Barbara Callaghan
Barbara Callaghan

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Shirley M. Auvil
Signature of Witness
Print Name of Witness below:
Shirley M. Auvil

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Michael D. Kocolowski
Michael D. Kocolowski

G. H. Auil
Signature of Witness
Print Name of Witness below:
G. H. Auil

Mary Ann Kocolowski
Mary Ann Kocolowski

Shirley M. Auvil
Signature of Witness
Print Name of Witness below:
Shirley M. Auvil

Robert P. Fleischer
Robert P. Fleischer

G. H. Auil
Signature of Witness
Print Name of Witness below:
G. H. Auil

Vickie D. Fleischer
Vickie D. Fleischer

Shirley M. Auvil
Signature of Witness
Print Name of Witness below:
Shirley M. Auvil

John R. Vitola
John R. Vitola

G. H. Auil
Signature of Witness
Print Name of Witness below:
G. H. Auil

Georgine A. Vitola
Georgine A. Vitola

Shirley M. Auvil
Signature of Witness
Print Name of Witness below:
Shirley M. Auvil

John R. Kocolowski
John R. Kocolowski

Ann M. Horning
Signature of Witness
Print Name of Witness below:
Ann M. Horning

Rhonda L. Kocolowski
Rhonda L. Kocolowski

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Shirley M. Auvil
Signature of Witness
Print Name of Witness below:
SHIRLEY M. AUUIL

Stuart R. Spencer
Stuart R. Spencer

G.H. Auvil
Signature of Witness
Print Name of Witness below:
G.H. AUUIL

Sandra G. Spencer
Sandra G. Spencer

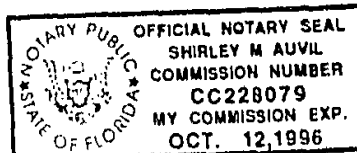
The Declarants

STATE OF FLORIDA
COUNTY OF POLK

The foregoing instrument was acknowledged before me this 8th day of April, 1996, by John H. Holzaepfel and Crystal Holzaepfel, his wife, who are personally known to me.

Shirley M. Auvil
Notary Public SHIRLEY M. AUUIL

My Commission Expires:

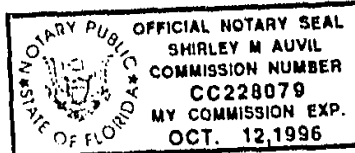


STATE OF FLORIDA
COUNTY OF POLK

The foregoing instrument was acknowledged before me this 8th day of April, 1996, by Kevin Callaghan and Barbara Callaghan, his wife, who are personally known to me.

Shirley M. Auvil
Notary Public SHIRLEY M. AUUIL

My Commission Expires:

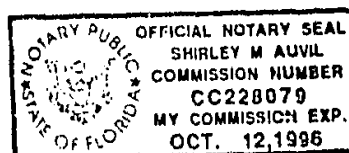


STATE OF FLORIDA
COUNTY OF HERNANDO

The foregoing instrument was acknowledged before me this 8th day of April, 1996, by Michael D. Kocolowski and Mary Ann Kocolowski, his wife, who are personally known to me.

Shirley M. Auvil
Notary Public Shirley M. Auvil

My Commission Expires:



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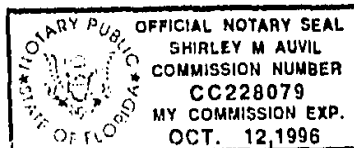
STATE OF FLORIDA
COUNTY OF HERNANDO

The foregoing instrument was acknowledged before me this 8th day of April, 1996, by Robert P. Fleischer and Vickie D. Fleischer, his wife, who are personally known to me.

Shirley M. Auvil
Notary Public Shirley M. Auvil

My Commission Expires:

STATE OF FLORIDA
COUNTY OF HERNANDO

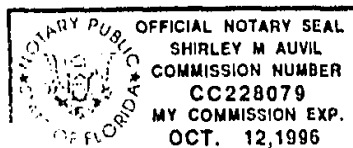


The foregoing instrument was acknowledged before me this 8th day of April, 1996, by John R. Vitola and Georgine A. Vitola, his wife, who are personally known to me.

Shirley M. Auvil
Notary Public

My Commission Expires:

STATE OF FLORIDA
COUNTY OF POLK

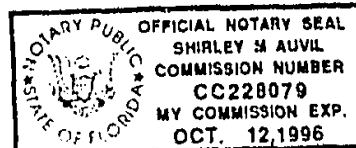


The foregoing instrument was acknowledged before me this 8th day of April, 1996, by John R. Kocolowski and Rhonda L. Kocolowski, his wife, who are personally known to me.

Shirley M. Auvil
Notary Public Shirley M. Auvil

My Commission Expires:

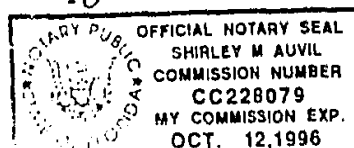
STATE OF FLORIDA
COUNTY OF POLK



The foregoing instrument was acknowledged before me this 8th day of April, 1996, by Stuart R. Spencer and Sandra G. Spencer, his wife, who are personally known to me.

Shirley M. Auvil
Notary Public

My Commission Expires:



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EXHIBIT A - TRACT DESCRIPTIONS

Tract 1:

Commence at the SW corner of the SE 1/4 of Section 9, Township 21 South, Range 20 East, lying in Citrus County, Florida; thence N 00°16'19" W along the West line of the SE 1/4 of said Section 9 a distance of 1326.70 feet to the Point of Beginning, said point being the Southwest corner of the NW 1/4 of the SE 1/4 of said Section 9; thence continue N 00°16'19" W along said West line a distance of 1333.51 feet to a point being on the South line of Lot 5 in Block A of Country Highlands, Phase One, according to the plat thereof recorded in Plat Book 15, at pages 43 through 45, inclusive, public records of Citrus County, Florida; thence N 89°40'47" E along said South line and along the South line of Lot 6 in said Block A a distance of 623.74 feet to the Southeast corner of said Lot 6, said corner being on a curve concave Southeasterly having a radius of 510.00 feet and a delta of 43°00'22"; thence the following courses and distances along the Easterly boundary of said Lot 6; Northeasterly along the arc of said curve a distance of 382.81 feet to the Point of Tangency of said curve (chord bearing and distance between said points being N 18°32'17" E - 373.88 feet); Thence N 40°00'30" E - 161.55 feet to the Point of Curvature of a curve concave Westerly having a radius of 170.00 feet and a delta of 66°43'52"; thence Northerly along the arc of said curve a distance of 198.00 feet to the Point of Compound Curvature of a curve concave Southwesterly having a radius of 25.00 feet and a delta of 81°51'28" (chord bearing and distance between said points being N 06°38'41" E - 186.99 feet); thence Northwesterly along the arc of said curve a distance of 35.72 feet to a point being on the Southerly right-of-way line of East Country Highlands Drive, having a 60.00 foot wide right-of-way, said point also being on a curve concave Northwesterly having a radius of 345.00 feet and a delta of 30°09'13" (chord bearing and distance between said points being N 67°15'46" W - 32.76 feet); thence leaving the Easterly boundary of said Lot 6 Northeasterly along the arc of said curve and along said Southerly right-of-way line a distance of 181.57 feet (chord bearing and distance between said points being N 56°48'36" E - 179.48 feet); thence N 89°32'39" E a distance of 338.26 feet to a point being on the East line of the W 1/2 of the NE 1/4 of afore-said Section 9; thence S 00°16'02" E along said East line a distance of 784.48 feet to the Northeast corner of the NW 1/4 of the SE 1/4 of said Section 9; thence S 00°16'16" E along the East line of the NW 1/4 of the SE 1/4 of said Section 9 a distance of 1324.46 feet to the Southeast corner of the NW 1/4 of the SE 1/4 of said Section 9; thence S 89°45'27" W along the South line of the NW 1/4 of the SE 1/4 of said Section 9 a distance of 1329.95 feet to the Point of Beginning.

OWNERS: John H. Holzaepfel and Crystal Holzaepfel, his wife

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Tract 2:

The SW 1/4 of the SE 1/4 of Section 9, Township 21 South, Range 20 East, lying in Citrus County, Florida.

OWNERS: Kevin Callaghan and Barbara Callaghan, his wife

Tract 3:

The S 1/2 of the SE 1/4 of the SE 1/4 of Section 9, Township 21 South, Range 20 East, lying in Citrus County, Florida.

OWNERS: Michael D. Kocolowski and Mary Ann Kocolowski, his wife

Tract 4:

The NE 1/4 of the SE 1/4 of Section 9, Township 21 South, Range 20 East,

AND

The N 1/2 of the SE 1/4 of the SE 1/4 of Section 9, Township 21 South, Range 20 East, all lying in Citrus County, Florida.

OWNERS: Robert P. Fleischer and Vickie D. Fleischer, his wife

Tract 5:

The W 1/2 of the NW 1/4 of Section 10, Township 21 South, Range 20 East,

AND

The E 1/2 of the NE 1/4 of Section 9, Township 21 South, Range 20 East, all lying in Citrus County, Florida.

OWNERS: John R. Vitola and Gigi Vitola, his wife

Tract 6:

The N 1/2 of the NW 1/4 of the SW 1/4 of Section 10, Township 21 South, Range 20 East, lying in Citrus County, Florida.

OWNERS: John R. Kocolowski and Rhonda L. Kocolowski, his wife

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Tract 7:

The S 1/2 of the NW 1/4 of the SW 1/4 of Section 10, Township 21 South, Range 20 East,

AND

The SW 1/4 of the SW 1/4 of Section 10, Township 21 South, Range 20 East, all lying in Citrus County, Florida.

OWNERS: Stuart R. Spencer and Sandra G. Spencer, his wife

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EXHIBIT B - ACCESS TRACT

The parcel lying 60.00 feet Easterly of and adjacent to the Easterly boundary of Lot 6, Block A, Country Highlands, Phase One, according to the plat thereof recorded in Plat Book 15, at pages 43 through 45, inclusive, public records of Citrus County, Florida.

Commence at the SE corner of the NW 1/4 of the SE 1/4 of Section 9, Township 21 South, Range 20 East; thence go N 00°16'16" W along the East line of the NW 1/4 of the SE 1/4 of said Section 9 a distance of 1324.46 feet to the Northeast corner of the NW 1/4 of the SE 1/4 said point also being known as Point A. From Point A begin an ingress/egress and utility easement being 30.00 feet left of the following description: Beginning at Point A, thence N 89°26'23" W a distance of 706.31 feet to the Southeast corner of Lot 6, Block A, Country Highlands, Phase One, according to the plat thereof recorded in Plat Book 15, at pages 43 through 45, inclusive, public records of Citrus County, Florida, and a Point of Terminus; thence return to Point A and begin an ingress/egress and utility easement being 30.00 feet right of the following description: Beginning at Point A, thence go N 89°26'23" W a distance of 646.31 feet to the Point of Terminus.

The East 30.00 feet of the NW 1/4 of the SE 1/4 of Section 9, Township 21 South, Range 20 East.

The parcel shown as a "temporary construction easement" in general note number 5 of Country Highlands, Phase One, according to the plat thereof recorded in Plat Book 15, at pages 43 through 45, inclusive, public records of Citrus County, Florida.

30.00-foot wide drainage access easement servicing drainage easement P as per the plat of Country Highlands, Phase One, according to the plat thereof recorded in Plat Book 15, at pages 43 through 45, inclusive, public records of Citrus County, Florida.

The East 30.00 feet of the North 692.24 feet of the SW 1/4 of the SE 1/4 of Section 9, Township 21 South, Range 20 East.

The North 30.00 feet of the West 30.00 feet of the S 1/2 of the SE 1/4 of the SE 1/4 of Section 9, Township 21 South, Range 20 East.

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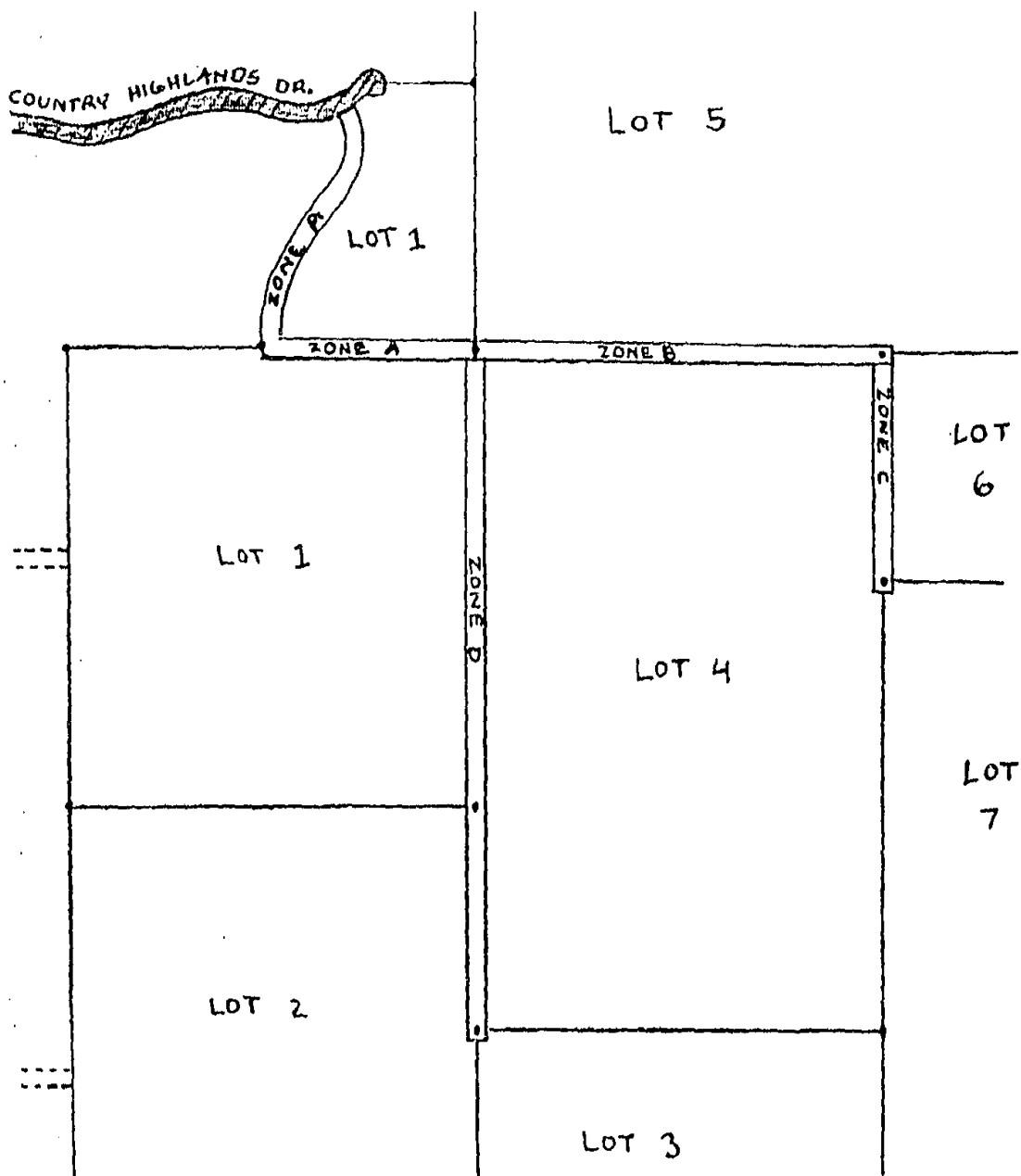
The West 30.00 feet of the NE 1/4 of the SE 1/4 of Section 9, Township 21 South, Range 20 East, AND the West 30.00 feet of the N 1/2 of the SE 1/4 of the SE 1/4 of Section 9, Township 21 South, Range 20 East, AND the North 30.00 feet of the NE 1/4 of the SE 1/4 of Section 9, Township 21 South, Range 20 East, AND the East 30.00 feet of the North 691.11 feet of the NE 1/4 of the SE 1/4 of Section 9, Township 21 South, Range 20 East.

The South 30.00 feet of the West 30.00 feet of the NW 1/4 of Section 10, Township 21 South, Range 20 East, AND the South 30.00 feet of the East 1/2 of the NE 1/4 of Section 9, Township 21 South, Range 20 East.

The West 30.00 feet of the N 1/2 of the NW 1/4 of the SW 1/4 of Section 10, Township 21 South, Range 20 East.

The North 30.00 feet of the West 30.00 feet of the S 1/2 of the NW 1/4 of the SW 1/4 of Section 10, Township 21 South, Range 20 East.

EXHIBIT C - SKETCH OF MAINTENANCE ZONES SK 1125 PG 1731



State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of KESTREL HIGHLANDS FARMS HOMEOWNERS ASSOCIATION, INC., a Florida corporation, filed on April 1, 1996, as shown by the records of this office.

The document number of this corporation is N96000001807.

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Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capitol, this the
Third day of April, 1996



CR2EO22 (2-95)

Sandra B. Northam

Sandra B. Northam
Secretary of State

EXHIBIT D

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ARTICLES OF INCORPORATION

OF

KESTREL HIGHLANDS FARMS HOMEOWNERS ASSOCIATION, INC.

In compliance with Chapter 617, Florida Statutes, the undersigned Incorporator hereby forms a Florida corporation not for profit and does hereby certify:

ARTICLE I
NAME

The name of the corporation is: Kestrel Highlands Farms Homeowners Association, Inc.

ARTICLE II
ADDRESS

The principal office of the Association is located at: 120 North Broad Street, Suite 100, Brooksville, FL 34601.

ARTICLE III
REGISTERED OFFICE AND AGENT

The street address of the initial registered office of the Association shall be 120 North Broad Street, Suite 100, Brooksville, FL 34601. The name of the Association's initial registered agent at such address shall be Gene H. Auvil, who by his signature at the end of these Articles accepts such appointment and states that he is familiar with, and accepts, the obligations of that position.

ARTICLE IV
PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to its members. The specific purposes for which it is formed are to promote the health, safety and general welfare of the owners and residents within the property located in Citrus County, Florida, specifically described in the Declaration of Covenants, Conditions and Restrictions for property in Sections 9 and 10, Township 21 South, Range 20 East, Known As Kestrel Highlands Farms, recorded in the public records of Citrus County, Florida. The purpose of this Association shall include the maintenance and upkeep of the Access Tract described in the Declaration and the carrying out, enforcing and otherwise fulfilling of its rights and responsibilities under and pursuant to

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DIVISION OF STATE
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the Declaration and any amendments or modifications thereto.

The Association is empowered to:

(a) 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;

(b) Fix, levy, collect and enforce payment by any lawful means, all charges or assessment imposed pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the Association;

(c) Own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of its real or personal property in connection with the affairs of the Association;

(d) Grant easements as to the Access Tract to public and private utility companies, including cable T.V., and to public bodies or governmental agencies or other entities or persons, with or without cost or charge at the sole discretion of the Board of Directors, the Association being deemed the authorized agent of each owner for such purpose;

(e) From time to time to adopt, alter, amend and rescind reasonable rules and regulations governing the use of the Access Tract, which rules and regulations shall be consistent with the rights and duties established by the Declaration and with the provisions of these Articles of Incorporation;

(f) Have and exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Florida by law may now or hereafter have or exercise.

ARTICLE V MEMBERSHIP

Every person or entity who is a record Owner of a fee or undivided fee interest in any tract which is subject by the provisions of the Declaration to assessment by the Association, including purchasers under recorded agreements for deed, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership, as defined above, shall be the sole qualification for membership. When any

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tract is owned of record by two or more persons or other legal entitles, all such persons or entities shall be members. An owner of more than one (1) tract shall be entitled to one (1) membership for each tract owned by him. Membership shall be appurtenant to, and may not be separated from, ownership of any tract which is subject to the provisions of the Declaration, but shall be automatically transferred by the conveyance of the tract.

ARTICLE VI
VOTING RIGHTS

All votes shall be cast in the manner provided in the By-Laws. When more than one person or entity holds an interest in any tract the vote for such tract shall be exercised as such persons or entities determine, but in no event shall more than one vote be cast with respect to any such tract, nor shall any split vote be permitted with respect to such tract.

ARTICLE VII
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of not less than three (3) Directors, who must be members of the Association. The number of directors may be changed from time to time by amendment of the By-Laws of the Association. The method of election of Directors and their terms of office shall be as provided in the By-Laws. The qualifications, the time and manner of election, the terms and duties of office and the manner of filling vacancies shall be as set forth in the By-Laws.

ARTICLE VIII
OFFICERS

The affairs of the Association shall be administered by the officers designated by the By-Laws. The officers shall be elected by the Board of directors at its first meeting following the annual meeting of the members of the Association and shall serve at the pleasure of the members of the Board of Directors.

ARTICLE IX
BY-LAWS

The first By-Laws of the Association shall be adopted by the Incorporator and may be altered, amended or rescinded in the manner provided by the By-Laws.

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ARTICLE X
INDEMNIFICATION

Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding or any settlement of any proceeding to which he may be a part or to which he may become involved by reason of his being or having been a director or officer of the Association, whether or not he is a director or officer at the time such expenses are incurred. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

ARTICLE XI
DISSOLUTION

The association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XII
DURATION

The corporation shall exist perpetually.

ARTICLE XIII
AMENDMENTS

Amendment of these Articles shall require the assent of two-thirds (2/3) of the total votes cast at any regular or special meeting of the membership duly called and convened.

ARTICLE XIV
SUBSCRIBERS

The name and residence of the subscriber of these Articles of Incorporation is as follows:

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NAME

Gene H. Auvil

RESIDENCE

11488 Royal Drive
Brooksville, FL 34601

ARTICLE XV
INTERPRETATION

Express reference is hereby made to the terms, provisions, definitions, and rules of interpretation contained in the Declaration where necessary to interpret, construe, and clarify the provisions of these Articles. In subscribing and filing these Articles, it is the intent of the undersigned that the provisions hereof be consistent with the provisions of the Declaration and, to the extent not prohibited by law, that the provisions of these Articles of Incorporation and of the Declaration be interpreted, construed and applied so as to avoid inconsistencies or conflicting results.

IN WITNESS WHEREOF, for the purpose of the forming this corporation under the laws of the State of Florida, the undersigned, constituting the incorporator of this Association, has executed these Articles of Incorporation this 20th day of March, 1996.


Gene H. Auvil

Incorporator and
Registered Agent

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
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BY-LAWS OF
KESTREL HIGHLAND FARMS
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

Section 1. The name of the corporation is KESTREL HIGHLAND FARMS HOMEOWNERS ASSOCIATION, INC. (hereinafter referred to as "the Association").

Section 2. The principal office of the Association shall be located at 120 North Broad Street, Suite 100, Brooksville, FL 34601, or at such other place as the Directors may from time to time determine.

ARTICLE II
DEFINITIONS

Section 1. The "Declaration" means the Declaration of Covenants, Conditions and Restrictions for certain properties in Section 9 and 10, Township 21 South, Range 20 East, known as "Kestrel Highlands Farms," including Exhibits A, B and C appended thereto.

Section 2. The "Community" means the tracts and Access Tract described on Exhibits A and B to the Declaration, collectively.

Section 3. The "Association" shall mean and refer to Kestrel Highlands Farms Homeowners Association, Inc., a Florida non-profit corporation, its successors and assigns.

EXHIBIT E

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Section 4. "Tract" shall mean any one of the seven tracts of real property described on Exhibit A to the Declaration and shall also include any parcel or parcels divided or severed from an original tract pursuant to Article VI-1 hereof.

Section 5. The "Access Tract" shall mean the property set aside for common roadway serving said tracts described on Exhibit B to the Declaration.

Section 6. "Owner" shall mean the record owner, whether one or more persons or entities, of fee simple title to any tract or a buyer of any tract under an agreement for deed, but shall not include those parties holding title merely as security for performance of an obligation.

Section 7. "Maintenance" of the Access Tract shall mean the permanent and constant keeping of said tract in the condition of repair reasonably required to serve the needs of the owners of tracts in the Community.

Section 8. "Member" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. Annual meetings of the members shall be held at a place as convenient to the Owners as reasonably possible on the third Saturday of the month of March at the hour of ten o'clock a.m. If the day for the annual meeting of the members is a legal holiday the meeting will be held at the

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same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or the Board of Directors, or upon written request of members who are entitled to vote one-fourth (1/4th) of all of the votes of the membership. Business conducted at a special meeting is limited to the purposes described in the notice of the meeting.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or the person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member entitled to a vote thereat, addressed to the member's address last appearing on the books of the Association or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose for which the meeting is called.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, thirty (30%) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn

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the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented. Such announcement must give the date, time and place of the new meeting. Any business that might have been transacted on the original date of the meeting may be transacted at the adjourned meeting.

Section 5. Proxies. At all meetings of members each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number; Initial Directors. The affairs of the Association shall be managed by a Board of Directors composed of not less than three (3) members, but as many members as the Board of Directors may from time to time determine. Initially the Board of Directors shall have three (3) members.

Section 2. Term of Office. At the first annual meeting the members shall elect one director for a term of one (1) year, one for a term of two (2) years and one for a term of three (3) years; and at each annual meeting thereafter the members shall elect one director for a term of three (3) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of the death, resignation or

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removal of a director his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Directors shall be elected at the annual meeting of members. Nominations shall be made from the floor at the annual meeting. All members of the Association shall be eligible to serve on the Board and a member may nominate himself as a candidate for the Board at the annual meeting.

ARTICLE VI

MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be given to each Director personally or by mail or telephone and shall be transmitted at least three (3) days prior to the meeting, except for emergency meetings, in which event said notice shall be waived.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the

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Association, or by any two (2) directors, after not less than three (3) days' notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Definition of "Meeting". A meeting of the Board of Directors occurs whenever a quorum of the Board gathers to conduct Association business.

Section 5. Meetings Open to Members; Notice to Members; Actions of Initial Board Without Meeting. All meetings of the Board must be open to all members except for meetings between the Board and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege. Notices of all Board meetings must be posted in a conspicuous place in the Community at least three (3) days in advance of a meeting, except in an emergency. An assessment may not be levied at a Board meeting unless a notice of the meeting includes a statement that assessments will be considered and the nature of the assessments. Directors may not vote by proxy or by secret ballots at Board meetings, except that secret ballots may be used in the election of officers, which provision also applies to the meetings of any committee or other similar body.

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ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

a. Adopt and publish rules and regulations governing the use of the Access Tract and the personal conduct of the members and their guests thereon, and to establish penalties for an infraction thereof;

b. Suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association.

c. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration; and

d. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

Section 2. Duties. It shall be the duty of the Board of Directors to:

a. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4th) of the members who are entitled to vote;

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b. Supervise all officers, agents and employees of this Association, and to see that all duties are properly performed;

c. If assessments are assessed annually, fix the amount of the annual assessment against each tract at least thirty (30) days in advance of each annual assessment period; send written notice of each assessment to every Owner subject thereto at least thirty (30) days before its due date; and foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or bring an action at law against the Owner personally obligated to pay the same.

d. Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

e. Procure and maintain adequate liability and hazard insurance on property owned or controlled by the Association;

f. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

g. Cause the Access Tract to be maintained.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice-President, who shall at

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all times be members of the Board of Directors, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at a meeting of the Board of Directors to be held immediately following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless an officer shall sooner resign or be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

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Section 7. Multiple Officers. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

a. President. The President shall preside at all meetings of the Board of Directors, see that orders and resolutions of the Board are carried out, sign all contracts and other written instruments and, if required by resolution of the Board, co-sign all checks.

b. Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

c. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses; and shall perform such other duties as required by the Board. The Secretary shall keep a current roster of the names and addresses of all Owners.

d. Treasurer. The Treasurer shall receive and deposit

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in appropriate bank accounts all monies of the Association and disburse such funds as directed by resolution of the Board of Directors; sign all checks and promissory notes of the Association; keep proper books of account; and timely prepare for the Board's consideration a proposed budget for the ensuing calendar year along with a financial report for the prior year showing the amount of receipts and expenditures by classification and the beginning and ending cash balances of the Association.

ARTICLE IX

MINUTES, BOOKS AND RECORDS

Minutes of all meetings of the members and of the Board of Directors must be maintained in written form or in another form that can be converted into written form within a reasonable time. A vote or abstention from voting on each matter voted upon for each Director present at a Board meeting must be recorded in the minutes.

The Association shall maintain each of the following items, which constitute the official records of the Association:

- a. A copy of The Declaration and of the Articles of Incorporation and By-Laws of the Association;
- b. A copy of the current rules of the Association;
- c. The minutes of all meetings of the Board of Directors and of the members;
- d. A current roster of all members and their mailing addresses and tract identification;

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e. All of the Association's insurance policies or a copy thereof;

f. A current copy of all contracts to which the Association is a party; and

g. The financial and accounting records of the Association, kept according to good accounting practices.

The official records of the Association must be open to inspection and available for photocopying by members or their authorized agents at reasonable times and places within ten business days after receipt of a written request for access.

It shall be the duty of each owner/member to furnish to the Secretary a copy of the recorded deed or other instrument by which the Owner acquired title and to keep the secretary advised of the Owner's current mailing address.

ARTICLE X

ASSESSMENTS; BUDGET

Section 1. As provided in The Declaration, each member is obligated to pay to the Association periodic assessments, which are secured by a continuing lien upon each tract against which the assessment is made. Unless changed by resolution of the Board, the assessments will be levied on an annual basis and shall be fully paid in advance on April 1 of each year. The Association shall at least thirty (30) days before the due date of an assessment notify each member in writing of the amount of the assessment and its due date. Any assessment which is not paid when due shall be delinquent. If the assessment is not paid

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within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest rate allowed by Florida law, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against his tract, and interest, costs and reasonable attorneys' fees for pre-trial, appellate and post-judgment collection proceedings of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Access Tract or abandonment of his tract.

Section 2. The Association shall prepare an annual budget. The budget must reflect the estimated revenues and expenses for that year and the estimated surplus or deficit as of the end of the year.

Section 3. The Board of Directors shall cause a copy of the budget, a copy of the financial report for the prior year and a written statement of the assessment for the ensuing year to be furnished to each member no later than sixty (60) days after the end of each fiscal year.

ARTICLE XI

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Kestrel Highlands Farms Homeowners Association, Inc., corporation not-for-profit, 1996.

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ARTICLE XII

AMENDMENTS

These By-Laws may be amended at a regular or special meeting of the members by a majority vote of a quorum of each class of members present in person or by proxy.

ARTICLE XIII

MISCELLANEOUS

Section 1. The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control, and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

IN WITNESS WHEREOF, the Incorporator of KESTREL HIGHLANDS FARMS ASSOCIATION, INC., has hereunto set his hand this 4th day of April, 1996.

Gene H. Auvil
Gene H. Auvil
Incorporator

STATE OF FLORIDA
COUNTY OF HERNANDO

The foregoing instrument was acknowledged before me this 4th day of April, 1996, by Gene H. Auvil, who is personally known to me.

Barbara W. Solari
Notary Public

My Commission Expires:

