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DECLARATION OF CONDITIONS, COVENANTS,
EASEMENTS AND RESTRICTIONS
FOR GRAMERCY SQUARE

THIS DECLARATION is made this 18th day of May, 2007, by GRAMERCY SQUARE, LLC ("Developer"), a Florida limited liability company, whose address is 14406 Military Trail, Delray Beach, Florida 33484, which declares hereby that the "Property" described in Article II of this Declaration is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth.

ARTICLE I.
DEFINITIONS

The following words when used in this Declaration (unless the context shall prohibit) shall have the following meanings:

1. "Additional Property" means any real property (other than the Property) that may be submitted by Declarant to the terms and provisions of this Declaration by a Supplemental Declaration which shall be executed by the owner of the Additional Property and need not be joined by any other person or Owner. No portion of any Additional Property shall be encumbered by this Declaration unless and until such property is added by Supplemental Declaration executed by the fee owner thereof. In the event any Additional Property becomes encumbered by this Declaration, then, and only then in such event, the term "Property" as used herein shall also include the Additional Property.
2. "ARB" refers to the Architectural Review Board of the Association.
3. "Assessment" means and refers to a share of the funds required for payment of the expenses of the Association, which funds shall be assessed against a Townhome from time to time.

4. "Association" means and refers to GRAMERCY SQUARE HOMEOWNERS' ASSOCIATION, INC., a Florida corporation not for profit.
5. "Board of Directors" means and refers to the board of directors of the Association.
6. "Builder" means and refers to a person or entity which purchases and owns a Townhome, Unit or Lot in order to construct a residence for sale to a third party, and is not constructing such residence for his or its own use.
7. "Building" means a structure containing 2 or more Townhomes.
8. "Common Area" or "Common Areas" means and refers to all real property (including the improvements thereto) and all personal property owned by the Association, to include all property designated as Common Area in the Plat (including, but not limited to, Open Space Tracts OS-1 through OS-17; R/W Tracts A through D; Recreational Tracts R-1 through R-3; and Lake Tracts L-1 and L-2) or any future recorded Plat made subject to this Declaration; together with the landscaping and any improvements thereon, including, without limitation, all structures, recreational facilities, lakes, irrigation facilities, open space, retention areas, masonry walls, walkways, entrance markers, signs, guardhouse and streetlights, if any, but excluding any public utility installations thereon and the Surface Water Management System.
9. "Common Structural Elements" means those portions of the Townhomes, as more particularly defined in Article VI herein.
10. "Community Wall" means and refers to the wall or similar structure located on the Common Areas within the Plat, located on the Property, together with any footings, related equipment, lighting, signage, entryway features, landscaping (including any wiring and irrigation system when the term is used herein) and other appurtenances. Nothing in this Declaration or on the Plat shall require the Developer or the Association to construct a Community Wall.
11. "Declaration" means and refers to this Declaration of Conditions, Covenants, Easements, and Restrictions for GRAMERCY SQUARE, as recorded in the Public Records of Palm Beach County, Florida, and as the same may be supplemented or amended from time to time.

12. "Developer" means and refers to GRAMERCY SQUARE, LLC, a Florida limited liability company, and its successors and assigns if such successors or assigns should acquire more than one Lot from Developer for the purpose of developing Residences on such Lots. The Developer may assign its rights herein to any entity which acquires more than one Lot for development of Residences thereon, while at the same time reserving its status as Developer for Lots owned by Developer. A Unit or Lot purchaser, Unit or Lot Owner or Unit or Lot mortgagee shall not be deemed to be the Developer by the mere act of purchase or mortgage of a Unit or Lot.
13. "Drainage Easements" means and refers to the drainage easements declared and reserved on the Plat.
14. "Entitled to Vote" means and refers to that Owner who shall cast a vote for a Townhome at an Association meeting. If more than one person or legal entity shall own any Townhome, the Owners thereof shall determine among themselves who shall be the Member Entitled to Vote. Said determination shall be manifested upon a voting certificate, signed by all Owners of said Townhome, and given to the Association Secretary for placement in the Association records Notwithstanding anything contained herein to the contrary. All Owners whether Entitled to Vote or not are assured of all other privileges, rights, and obligations of Association membership and shall be Members of the Association. In no event shall any mortgagee or other party holding any type of security interest in a Townhome or the Residence constructed thereon be Entitled to Vote for purposes hereof, unless and until any of said parties obtain or receive fee simple title to such Townhome.
15. "Member" means and refers to all those Owners who are members of the Association as provided in Article III hereof.
16. "Owner" means and refers to the record owner, whether one or more persons or entities, of the fee simple title to any Townhome situated upon the Property.
17. "Plat" means and refers to the Plat of GRAMERCY SQUARE recorded at Plat Book 107, Page 5, of the Public Records of Palm Beach County, Florida, together with GRAMERCY SQUARE PLAT TWO , recorded at Plat Book 109, Page 171 together with all replatting thereof.
18. "Property" means and refers to all of the property as described in Article II, Section A of this Declaration, which is subject to this Declaration and to the jurisdiction of the Association.

19. "Residence" means and refers to any residential building constructed on a Lot or any structure being a Townhome or within a Townhome which there resides or can reside an Owner, guest or invitee.
20. "Supplemental Declaration" means any instrument executed by Declarant which, when recorded in the Public Records of Palm Beach County, shall: (a) commit Additional Property, if any (provided Declarant is the owner thereof) to the provisions of this Declaration, and shall be the only method of committing such property to the provisions of this Declaration; (b) withdraw and portion(s) of the Property from the effect of this Declaration; (c) designate portion(s) of Property or Additional Property as Common Property hereunder; and/or (d) be for such other purposes as are provided in this Declaration. A Supplemental Declaration may also be used to impose additional covenants, restrictions, reservations, regulations, burdens, liens, and easements upon the Property or any portion thereof and/or remove any existing covenant, restriction, reservation, regulation, burden, lien or easements from the Property or any portion thereof. The Association shall join in the execution of any Supplemental Declaration at the request of Declarant but such joinder shall not be required to make any such Supplemental Declaration effective. The Owners shall not be required to join in the execution of any Supplemental Declaration but shall nevertheless be bound thereby.
21. "Townhome" or "Unit" or "Lot" means and refers to a portion of the Property, whether developed or undeveloped, intended for development, use or occupancy as an attached residence for a single family and shall mean townhouse units, as well as vacant land intended for development as such, all as may be developed, used, and defined as herein provided or as provided in this Declaration covering all or part of the Property. The term shall include all portions of the parcel of property owned as well as any structure thereon. Each Townhome shall be deemed to be a separate Lot.
22. "Tract," "Pod" or "Parcel" means and refers to those certain parcels shown as lettered tracts on the Plat.

ARTICLE II.
PROPERTY SUBJECT TO THIS DECLARATION

Section A. General Plan of Development. Gramercy Square comprises the Property encompassing, or which will encompass, Townhomes and Common Areas, as more particularly defined by this Declaration and, in addition, lands which Declarant may add, but shall in no way be obligated to add, by one or more Supplemental Declaration(s). The Property initially declared hereunder is described on "Exhibit A" attached hereto. Gramercy Square is approved for and is presently intended to comprise of one hundred forty-seven (147) townhomes in a planned community development. Notwithstanding the foregoing, Declarant has reserved the right to modify the site plan of Gramercy Square (including, without limitation, the right to modify the site plan of Gramercy Square, the right to change the Townhome product types and number of Townhomes; all to be constructed within Gramercy Square), the right to add land to Gramercy Square, and the right to withdraw land from Gramercy Square. In the event Declarant modifies its plan of development for Gramercy Square, adds lands to Gramercy Square, and/or withdraws land from Gramercy Square, it is hereby acknowledged by each Owner that the number of Townhomes, the layout of the Townhomes and/or size of Townhomes contemplates that the Townhomes to be constructed within Gramercy Square shall be whatever types of structures Declarant may choose which are in conformance with this Declaration, and that Gramercy Square will include whatever facilities and amenities Declarant considers in its sole judgment to be appropriate to Gramercy Square.

Additional Property will become a part of Gramercy Square if, and only if, Declarant in its sole discretion adds Additional Property to Gramercy Square by recording a Supplemental Declaration to such effect. Declarant hereby reserves an easement for ingress and egress and for utilities and drainage over, under and across the Property for the benefit of any Additional Property; provided, however, no such easement may be granted upon any Property that lies directly beneath a Townhome.

Declarant expressly reserves the right as to the Property to: (i) commence construction and development of the Property if and when Declarant desires; (ii) develop the Property upon such timetable as Declarant, in its sole discretion, chooses; and (iii) modify the plan of Gramercy Square, the right to change the recreational facilities and amenities, and the right to change the Townhome product types and number of Townhomes; all to be constructed within Gramercy Square, in such a manner as it, in its sole discretion, chooses. Nothing contained herein shall be construed as obligating Declarant to construct Gramercy Square according to the present plan of development no as obligating Declarant to declare any Additional Property to be Property.

Section B. FHA/VA Approval. Notwithstanding anything herein to the contrary, any annexation of additional property, requires prior FHA/VA approval as long as there is a Class A Membership, if financing therefrom is obtained for the purchase of Townhomes.

ARTICLE III.
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section A. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Townhome shall be a Member of the Association. Notwithstanding anything else to the contrary set forth in this Section A, any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member of the Association. Membership in the Association shall be appurtenant to each Townhome and may not be separated from ownership of said Townhome. The record title holder to each Townhome shall automatically become a Member of the Association and shall be assured of all rights and privileges thereof upon presentation of a photostatically or otherwise reproduced copy of said Owner's deed to the Association Secretary for placement in the records of the Association. To the extent that said deed shall pass title to a new Owner from an existing Owner, membership in the Association shall be transferred from the existing Owner to the new Owner. In no event shall any mortgagee or other party holding any type of security interest in a Townhome or the Residence constructed thereon be a Member of the Association unless and until any of said parties obtain or receive fee simple title to such Townhome.

Section B. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. Class A Membership shall be all those Owners as defined in Section A with the exception of the Developer (as long as the Class B Membership shall exist, and thereafter, the Developer shall be a Class A Member to the extent it would otherwise qualify). Except as provided below, Class A members shall be entitled to one (1) vote for each Townhome in which they hold the interests required for membership by Section A. When more than one (1) person holds such interest or interests in any Townhome, all such persons shall be Members, but the vote for such Townhome shall be exercised only by that one person who is Entitled to Vote. In no event shall more than one vote be cast with respect to any such Townhome.

Class B. The Class B Member shall be the Developer. The Class B Member shall be entitled to three (3) votes for each Townhome owned by the Class B Member. The Class B membership shall cease and terminate upon the earlier of the following: (i) Three (3) months after ninety percent (90%) of the Townhomes in the Community that will ultimately be operated by the Association are deeded to Owners other than a Builder, with a completed Residence thereon, or (ii) on December 31, 2011 (or earlier at Declarant's option, exercisable from time to time, as to any portions of the Common Area). Upon such termination, the Class A Members shall be obligated to elect the Board of Directors and assume control of the Association. Upon termination of the Class B Membership as provided for herein, the Class B Membership shall convert to Class A Membership with voting strength as set forth above for Class A Membership.

Section C. When reference is made herein, or in the Articles of Incorporation, By-Laws, Rules and Regulations, management contracts or otherwise, to a majority or specific percentage of Members, such reference shall be deemed to be reference to a majority or specific percentage of the votes of Members entitled to vote and not of the Members themselves.

ARTICLE IV.
PROPERTY RIGHTS IN THE COMMON AREAS: OTHER EASEMENTS

Section A. Members Easements. Each Member, and each tenant, agent and invitee of such Member or tenant, shall have a nonexclusive permanent and perpetual easement over and upon the Common Area for the intended use and enjoyment thereof in common with all other such Members, their tenants, agents and invitees, in such manner as may be regulated by the Association.

Without limiting the generality of the foregoing, such rights of use and enjoyment are hereby made subject to the following:

1. The right and duty of the Association to levy Assessments against each Townhome for the purpose of maintaining the Common Area and facilities in compliance with the provisions of this Declaration, the restrictions on the Plat of portions of the Properties from time to time recorded, and/or with any additional restrictions that may be from time to time recorded;

2. The right of the Association to suspend the Owner's voting rights for any period during which any Assessment against his Townhome remains unpaid; and for period not to exceed sixty (60) days for any infraction of lawfully adopted and published rules and regulations;

3. The right of the Association to adopt at any time and from time to time and enforce rules and regulations governing the use of the Townhomes and Common Area and all facilities at any time situated thereon, including the right to fine Members as hereinafter provided. Any rule and/or regulation so adopted shall apply until rescinded or modified as if originally set forth at length in this Declaration; and

4. The right to the use and enjoyment of the Common Area and facilities thereon shall extend to all permitted user's immediate family who reside with him/her subject to regulation from time to time by the Association in its lawfully adopted and published rules and regulations.

Section B. Easements Appurtenant. The easements provided in Section A shall be appurtenant to and shall pass with the title to each Townhome.

Section C. Maintenance. The Association shall at all times maintain in good repair and manage, operate, and insure, and shall replace as required, the Common Area and the Community Wall, if any, together with the paving, underground utilities, drainage system, masonry walls, street lights, lighting fixtures and appurtenances, landscaping, sprinkler systems, entrance markers signs, cabana, fitness center, tot lot, mail kiosk, pool, improvements and other structures installed by the Developer or the Association situated on the Common Area, with all such work to be done as ordered by the Board of Directors of the Association. In order to maintain, manage and operate the Common Area, the Community Wall, if any, and such appurtenances as are described above, the Association shall have the right and authority to enter into such contracts or agreements as the Board

of Directors of the Association deems appropriate, including without limitation entering into any agreements providing for the Association's payment of its fair share of the maintenance and repair costs of any adjacent property used for the drainage of storm water from the Properties or for purposes otherwise benefiting the Property as determined by the Board of Directors. Further, Developer may enter into agreements with Palm Beach County, Florida, with respect to any of the foregoing. Maintenance of the aforesaid lighting fixtures shall include and extend to payment for all electricity consumed in their illumination. Without limiting the generality of the foregoing, the Association shall assume all of the Developer's responsibility to Palm Beach County, Florida, of any kind with respect to the Common Area and Community Wall, if any, and shall indemnify and hold the Developer harmless with respect thereto.

Maintenance and Repair. The Association shall also maintain, repair, preserve, replace, protect and insure, as applicable, the storm water management and drainage systems serving the Property.

The Owner shall be responsible for the maintenance, replacement, and repair of all walls, gates, paving, structures, shrubbery and sod replacement for lawns and garden areas and improvements located on his Townhome, other than those specifically provided to be maintained by the Association.

All work (other than maintenance, replacement or repair responsibility of the Owner) pursuant to this Section and all expenses incurred hereunder shall be paid for by the Association through Assessments (either general or special) imposed in accordance herewith. No Owner may waive or otherwise escape liability for Assessments by non-use of the Common Area or Townhomes or abandonment of the right to use the Common Area.

Section D. Utility Easements. The Association shall have the right to grant permits, licenses, and easements over the Common Area, except for any portion of the Common Area dedicated to Palm Beach County, Florida, for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property. In addition, easements over, upon, under, through and across the Common Area and Lots are reserved to the Association and the Developer, and may be declared from time to time by the Developer during any period that the Developer shall own at least one (1) Townhome, for such further utility, egress, ingress, or drainage easements over and across the Property as may be required from time to time to serve any other or additional lands during the course of development of same, whether such additional lands become subject to the jurisdiction of the Association and part of the Property or not. Regarding any easement declared by the Developer, the joinder of the Association or any Owner or Owner's mortgagee shall not be required.

Section E. Drainage Easements. Drainage Easements have been declared and reserved as shown on and created by the Plat. The Association shall be solely responsible for the repair and maintenance of any drainage swale located in any drainage easement as set forth in Section J below. Alteration, filling, obstruction or removal of any drainage swale or drainage control facility or

structure is expressly prohibited. In the event any Owner alters or obstructs any drainage swale or other drainage facility or structure, the Association may repair, replace, and/or maintain such drainage swales, facilities and structures and assess such Owner for the costs and expenses incurred in order to accomplish any of the foregoing. Each Owner hereby grants an easement and license to the Developer and the Association over, upon and across such Owner's Townhome in order to facilitate and accomplish any of the foregoing. Further, no Owner shall place, erect or construct any wall, fence, or other improvement or otherwise permit anything to occur within any Drainage Easement area which would in any way obstruct or effect the Surface Water or Storm Water Management System (as hereinafter defined), a Drainage Easement or any swale, pipe or drainage control facility or structure located therein or thereon, unless, in the event of construction of any improvements, such improvements have been approved by the Developer or the ARB .

Section F. Ownership. As shown on the Plat, the Common Area is hereby dedicated non-exclusively to the joint and several use, in common, of the Owners of all Townhomes that may from time to time constitute part of the Property and such Owners' tenants, guests and invitees. The Common Area shall be conveyed to the Association free and clear of all encumbrances before FHA/VA insures its first mortgage on any Townhome, if applicable. Beginning on the date this Declaration is recorded, the Association shall be responsible for the maintenance of the Common Area (whether or not then conveyed to be conveyed to the Association), and the Community Wall, if any, such maintenance to be performed in a continuous and satisfactory manner. It is intended that all real estate taxes, if any, assessed against that portion of the Common Area owned or to be owned by the Association shall be proportionally assessed against and payable as part of the taxes of the Townhomes within the Properties. However, in the event that notwithstanding the foregoing, any such taxes are assessed directly against the Common Area, the Association shall be responsible for the payment of the same, including taxes on any improvements and any personal property located thereon, which taxes accrue from and after the date this Declaration is recorded.

All or any portion of the Common Area cannot be mortgaged or conveyed without the consent of at least sixty-six and two-thirds percent (66 2/3%) of the Owners Entitled to Vote (excluding the Developer). If ingress or egress to any Residence is through the Common Area, any conveyance or encumbrance of such Common Area shall be subject to such Owner's easement for ingress and egress.

Section G. Developer Offices. Notwithstanding anything herein to the contrary, but subject to approval by Palm Beach County, Florida, if required by its laws and ordinances, Developer shall have the specific right to maintain upon any portion of the Property model homes, sales, administrative, construction or other offices, to include temporary offices and/or construction trailers, without charge, and appropriate easements of access and use are expressly reserved unto the Developer and its successors, assigns, employees and contractors, for this purpose.

Section H. Temporary Construction Easement. During construction, Developer has the right to use the Common Areas for trailers, other construction equipment, storage and other related matters.

Section I. Easements Benefiting Neighboring Subdivisions. The Association shall have the right to grant permits, licenses and easements over the Common Area, except for any portion of the Common Area dedicated to Palm Beach County, Florida, for signage, drainage, storm water retention/detention, and other purposes for the benefit of neighboring subdivisions or other entities, provided that the Common Area concerned is not unreasonably burdened by such additional use and provided that any such neighboring subdivision or entity is required as a provision of such permit, license or easement to indemnify the Association from any loss or claim concerning same and to maintain such easement areas and improvements thereto and thereon to the satisfaction of the Association and/or to compensate the Association for its maintenance, management and operation of same in advance by one (1) annual payment or by quarterly or semi-annual installments and with provisions for reserves, insurance, overhead, capital improvements and special assessments, on a full or prorated basis as appropriate (or alternatively to reimburse such neighboring subdivision or other entity accepting responsibility for such maintenance for the Association's fair share of same), and provided that any necessary governmental approval is first obtained. The Board of Directors shall have the right to authorize an officer of the Association to grant such permits, licenses or easements.

Section J. Surface Water or Storm Water Management System.

1. Definition. "Surface Water or Storm Water Management System" means a system which is designed and constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, over-drainage, environmental degradation, and water pollution or otherwise affect the quantity and quality of discharges. Such System is authorized by South Florida Water Management District Permit No. 50-07067-P which is maintained in the Association's books and records, a copy of which is attached hereto as Exhibit "B". Modifications to such permit are retained with the corporate records of the Association.

2. Duties of Association. The Association shall be responsible for the maintenance, operation and repair of the Surface Water or Storm Water Management System. Maintenance of the Surface Water or Storm Water Management System shall mean the exercise of practices which allow the system to provide drainage, water storage, conveyance or other surface water or storm water management capabilities as permitted by the South Florida Water Management District. Any repair or reconstruction of the Surface Water or Storm Water Management System shall be as permitted or, if modified, as approved by the South Florida Water Management District.

3. Maintenance Assessments. Assessments shall be used for the maintenance and repair of the Surface Water or Storm water Management System including but not limited to work within retention areas, drainage structures and Drainage Easements.

4. Easement for Access and Drainage. The Association shall have a perpetual non-exclusive easement over all areas of the Surface Water or Storm water Management System for access to operate, maintain or repair the system. By this easement, the Association shall have the

right to enter upon any portion of any of the Property which is a part of the Surface Water or Storm Water Management System, at a reasonable time and in a reasonable manner, to operate, maintain or repair the Surface Water or Storm Water Management System as required by South Florida Water Management District Permit No. 50-07067-P. Additionally, the Association shall have a perpetual non-exclusive easement for drainage over the entire Surface Water or Storm Water Management System. No person shall alter the drainage flow of the Surface Water or Storm Water Management System, including buffer areas or swales, without the prior written approval of the ARB and the South Florida Water Management District.

5. Amendment. Any amendment to this Section J or which otherwise affects the Storm Water Management Systems within the Property or maintenance thereof shall not be effective without the prior written consent of the South Florida Water Management District and any proposed amendment shall be submitted to the District to determine if such amendment requires a permit modification.

6. Enforcement. The South Florida Water Management District shall have the right to enforce, by a proceeding at law or in equity, the provisions of this Section J which relate to the maintenance, operation and repair of the Surface Water or Storm Water Management System.

7. Swale Maintenance. Notwithstanding anything herein to the contrary, each Owner, including builders, shall be responsible for the maintenance, operation and repair of any drainage swale, if any, located on the Property as the case may be. Maintenance, operation and repair shall mean the exercise of practices, such as mowing and erosion repair, which allow swales to provide drainage, water storage, conveyance or other storm water management capabilities as permitted by the South Florida Water Management District. Filling, excavation, construction of fences or otherwise obstructing the surface water flow in drainage swales and the alteration of drainage swales is prohibited. Any damage to any drainage swale, whether caused by natural or manmade phenomena, shall be repaired and the drainage swale returned to its former condition as soon as possible by the Owner(s) of the Townhome(s), upon which the drainage swale is located.

Section K. Maintenance Easement. Each Owner of a Townhome shall have an easement over such adjacent properties as may reasonably be required for the proper maintenance of his property.

Section L. Encroachment Easement. In the event that there is an accidental encroachment onto the Common Areas, there shall be an easement for such encroachment.

ARTICLE V. COMMUNITY WALL

Section A. Community Wall. The Developer shall have the right (but not the obligation) to erect and construct a Community Wall on the Common Areas.

Section B. Maintenance of Community Wall. The Association shall be responsible for the maintenance of any Community Wall after completion by the Developer. The Developer and the Association shall have the right, but not the obligation, to install and plant such landscaping and related facilities, including without limitation sprinkler systems, upon the Common Areas as they may desire. In the event that the Developer or the Association installs any landscaping and related facilities on the Common Areas, the Developer and the Association shall have the right, but not the obligation, to maintain and replace such landscaping and related facilities. No Owner shall do or permit any damage to the Community Wall and related facilities installed or planted by the Developer or the Association within the Common Areas and in the event any Owner, Owner's guest, licensees, permittees or invitees causes any such damage, the Association may assess such Owner for any appropriate costs and expenses incurred by the Association to repair such damage. No provision of this Section shall impose strict or absolute liability on Owners for damage to Common Area or Townhomes. Nothing contained in this Declaration, however, shall obligate the Developer or the Association to construct a Community Wall or to plant, install or maintain, any landscaping or related amenities.

ARTICLE VI. TOWNHOME PROVISIONS

Section A. Common Structural Elements.

1. Each Building containing Townhomes shall contain Common Structural Elements which include, but are not limited to, the following:

(a) Utility Lines. All utility lines, ducts, conduits, pipes, fire sprinklers, wires and other utility fixtures and appurtenances which are located on, within or under each Building and which directly or indirectly in any way service more than one (1) Townhome in such Building.

(b) Party Walls. All division walls ("Party Walls") between two (2) Townhomes located upon a Lot line between two (2) Townhomes, provided that the mere fact that such a division wall between two (2) Townhomes is found to be not on a Lot line shall not preclude that division wall from being a Party Wall. The Owners of the Townhomes adjacent to a Party Wall shall own such Party Wall as tenants in common.

(c) Roofing. The entire roof of a Building, any and all roof support structures, and any and all appurtenances to such roof and roof support structures, including, without limitation, the roof covering, roof trim and roof drainage fixtures.

(d) Bearing Walls. Any and all walls or columns necessary to support the Building and/or roof structure.

(e) Exterior Finish. Any and all siding, finish, trim, exterior sheathings,

window framing (but not the glass) and other exterior materials and appurtenances on the exterior of each Building.

(f) Flooring. The entire above ground floor system or wood floor system if utilized in lieu thereof and all foundational and support structures and appurtenances thereto.

(g) Privacy Walls. The walls (other than Party Walls) or hedges erected or which may be erected along the Lot lines and all foundational and support structures with respect thereto.

2. Should the Common Structural Elements or a part thereof extend beyond the Lot, same shall not be deemed to violate the provisions of this Declaration and such easements as may be necessary to accommodate and permit the Common Structural Elements as same shall be constructed and for the maintenance, repair and replacement thereof, are hereby imposed; provided, however, nothing herein shall be deemed to grant any Owner with the authority to install or construct any such Common Structural Elements that extend beyond the Lot.

3. In the event any Common Structural Element or part thereof located within a Townhome requires maintenance, repair or replacement and the necessity for such maintenance, repair or replacement was not due to any act or failure to act on the part of the Owner of the Townhome in question and the cost of such maintenance, repair or replacement would result in an inequitable and unfair burden upon any particular Townhome, the cost of such maintenance, repair or replacement shall be an Expense (as herein defined) shared by all of the Townhomes.

Section B. Easements and Covenants.

1. Utility Easements. Each Owner of a Townhome grants to all other Owners owning a Townhome in the same Building, a perpetual utility easement for water, sewer, power, telephone and other utility and service company lines and systems installed beneath or within the Townhome.

Any expense for the necessary access of authorized personnel of the utility or service company to service lines affecting all Townhomes within a Building, and which are located beneath or within the Building shall be shared equally by each of the Owners of Townhomes in the Building affected; provided, however, that where such access by authorized personnel of the utility or service company is required because of the intentional or negligent misuse of the utility or service company line or system by an Owner of a Townhome, his or her lessee, licensee, invitee, or agent, any expense arising therefrom shall be borne solely by such Owner.

2. Access Easement. Perpetual, nonexclusive easements of ingress and egress over, under and across any Lots on which Townhomes are located ("Townhome Lots") within Gramercy Square are hereby granted in favor of the Association which are necessary or convenient for enabling the Association, its employees, contractors and agents, to maintain the Townhome Lots in

accordance with this Article VI.

3. **Structural Cross Easements.** Cross easements of support and use over, upon, across, under, through and into the Common Structural Elements are hereby granted in favor of the Owners of Townhomes or their designees for the continued use, benefit and enjoyment and continued support, service, maintenance, repair and design of all Townhomes and Common Structural Elements.

4. **Party Walls and Shared Roofing.** Any party to said Party Wall, and such party's heirs, successors, and assigns, shall have the right to use same jointly with the other party(ies) to said Party Wall as herein set forth. The term "use" shall and does include normal interior usage such as paneling, plastering, decoration, erection of tangent walls and shelving but prohibits any form of alteration which would cause an aperture, hole, conduit, break or other displacement of the original concrete or other material forming said Party Wall.

The cost of maintaining each side of a Party Wall shall be borne by the Owner of the Townhome using said side, except as otherwise provided herein.

No Owner of a Townhome shall paint, refurbish or modify or authorize the painting, refurbishing or modification of the exterior surfaces or the roofing of his or her Townhome without the consent of the Association.

5. **Lake Maintenance Access Easements.** Easements granted in favor of the Association and/or applicable governmental authorities for the purpose of accessing the lakes: (a) to perform lake maintenance; (b) to perform storm water management and drainage facilities maintenance activities; and (c) to install, maintain and replace littoral shelf plantings. Owners, their guests, invitees, tenants and other persons are specifically prohibited from utilizing the lake maintenance access easements for the purpose of accessing the lakes for recreation, enjoyment or other uses.

6. **Lake Maintenance Easements.** Easements granted in favor of the Association and/or applicable governmental authorities for the purpose of maintaining the lakes and storm water management and drainage facilities within the Community's lakes. Owners of lots adjacent to the lake maintenance easement (the "Lake Lot Owners") have the right to the use and enjoyment of that portion of the lake maintenance easement abutting their Lot. Lake Lot Owners, however, are strictly prohibited from installing landscaping, fencing or other improvements within any portion of the Lake Maintenance Easement.

Section C. Maintenance of Townhomes.

1. BY THE ASSOCIATION

a. The Association shall maintain and care for all landscaping and grassed areas encompassed within each Townhome Lot. In the event an Owner installs a Fence (as

hereinafter defined), the Association shall have no further obligation to maintain the landscaping or grassed areas located in the fenced-in area of the Lot and the Owner shall be deemed to have waived all maintenance rights contained herein for the fenced-in area. The Owner shall not be entitled to a reduction in the Operating Expenses as a result of the Association not maintaining the landscaping and grassed areas in the fenced-in area.

b. The Association shall be responsible for the painting of the exterior of the Townhomes and for maintaining all Common Structural Elements (except as provided herein) of the Townhomes, except for window washing and the replacement of broken glass which shall be the responsibility of each Owner.

c. The Association shall be responsible for the exterior painting of the garage doors but not the mechanisms associated with garages located within the Townhomes and shall not be responsible for any other maintenance repair or replacement of the garages.

2. BY THE OWNERS

a. As provided in this Declaration, the Owner of each Townhome must keep and maintain his/her Townhome and the Improvements thereon, which are not maintained by the Association, including equipment and appurtenances, in good order, condition and repair, and must perform promptly all maintenance and repair work within his/her Townhome which, if omitted, would adversely affect Gramercy Square, the other Owners or the Association and its Members. Additional provisions regarding maintenance of all Townhomes are contained herein. The Owners' responsibility for maintenance, repair and replacement shall also include, but not be limited to, the caulking and maintenance of the exterior surface of the walls, doors and windows (including glass frame) of the Townhome. The exterior surface of such walls, doors and windows shall at all times be maintained in a good and serviceable condition with no damage or other defect therein by the Owner. The foregoing shall also include the patching and repairing of all stucco and exterior surface cracks and the walls of such Owner's Townhome.

b. The Owner of each Townhome shall also be responsible for the maintenance, repair and replacement of the driveway of such Owner's Townhome.

c. The Owner of each Townhome shall be responsible for the maintenance, repair and replacement of any mechanisms associated with the garages located within his/her Townhome but shall not be responsible for painting of the exterior garage doors which shall be the responsibility of the Association.

d. An Owner shall not plant any shrubs, trees and/or landscaping on his or her Townhome Lot without the prior written approval of the Association. If an Owner receives such approval and plants any shrubs, trees and/or landscaping on his or her Townhome Lot, such Owner shall be responsible for maintaining such shrubs, trees and/or landscaping.

Section D. Insurance Coverage of Townhomes.

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1. Each Owner shall keep insured the interior portions of his or her Townhome and his or her personal property, including, but not limited to, all doors and windows (including glass frame), all floors and floor coverings, walls and wall coverings, ceiling and ceiling coverings, fixtures (such as toilets, sinks and showers), electrical fixtures, electrical and plumbing components, appliances, air conditioner, or heating equipment, water heaters, water filters, built-in cabinets and countertops, and window treatments, including curtains, drapes, blinds, hardware, and similar window treatment components, or replacements of any of the foregoing and all air conditioning compressors, whether or not located within the Townhome boundaries, etc.

2. In addition to the foregoing, each Owner of a Townhome shall maintain both liability and hazard insurance on his or her entire Townhome in an amount not less than the Townhome's full insurable value. Evidence of the coverage described in this Section D shall be furnished to the Association promptly upon the Board's request. No Owner shall cancel such insurance without at least thirty (30) days prior written notice to the Association. Notwithstanding the foregoing, the Association may, in its sole discretion, obtain hazard insurance for the following structural components of each Townhome and Building, as follows:

- (a) Exterior Building Walls – (i) Mesh, Lath, Sheathing, Glass, Block, Stucco (Painted); (ii) Studs, Insulation; (iii) Unfinished Sheet Rock/Drywall.
- (b) Townhome Interior Walls Including Party Walls – (i) Block, Studs, Insulation; (ii) Unfinished Sheet Rock/Drywall
- (c) Townhome Interior Ceilings and Roof Area – Concrete, Gypcrete, Framing, Plywood, Insulation, Sheet Rock or Drywall.
- (d) Roofing – Unit Interior & Common Areas – All Framing, Structural Supports, Decking, Insulation and Roof Cover.

In the event the Association obtains the foregoing hazard insurance, the Owner shall be relieved of such responsibility only to the extent such insurance is obtained by the Association; and the insurance proceeds for the repair and rebuilding shall be paid to the Association and not the Owner and the cost of such insurance shall be an Association expense.

3. If an Owner fails to comply with the foregoing provisions of this Section D, the Association may proceed in court to compel compliance to cause an Owner to comply. Further, if the failure to comply relates to the Owner's obligations to maintain insurance, the Association shall be entitled, although not obligated, to obtain the required coverage itself and to levy on the offending Owner an Assessment equal to the cost of premiums, and any such Assessment shall constitute a lien upon the applicable Townhome and Lot with the same force and effect as a lien for operating expenses.

4. If a failure to comply with the provisions of this Section D relates to the Owner's obligation to maintain and care for the Townhome, landscaping or any other area required

to be maintained and cared for by the Owner, then, in addition to the exercise of all other remedies, the Association or Declarant shall have the right but not the obligation, upon fifteen (15) days written notice, to enter the property of the Owner for the purpose of performing the maintenance and care referred to, set forth and described in the notice. The determination of whether an Owner is failing to properly maintain and care for the property for which he or she has the maintenance responsibility shall be determined in the sole discretion of the Association or Declarant. Further, the Association shall be entitled, but not obligated to perform such maintenance and care itself and to levy on the offending Owner an Assessment equal to the cost of performing such maintenance and any such Assessment shall constitute a lien upon the applicable Townhome and Lot with the same force and effect as a lien for operating expenses.

5. If a Townhome is damaged through a natural disaster, fire or other casualty, the affected Owner shall promptly and properly restore it to at least as good a condition as it was before the casualty occurred. Any such work shall be in accordance with the original plans and specifications of the Townhome unless otherwise authorized by the Board and approved by applicable governmental authorities. If repairs to Townhome or Common Structural Elements are insured by the Association, the Association shall use insurance proceeds to repair the Townhome or Common Structural Elements. In the event such damage or destruction of a Party Wall or Shared Roofing is caused solely by the neglect or willful misconduct of an Owner of a Townhome, any expense incidental to the repair or reconstruction of such Party Wall or Shared Roofing shall be borne solely by such wrongdoer. If the Owner of the Townhome refuses or fails to pay the cost of such repair or reconstruction, the Association shall have the right to complete such repair and reconstruction substantially in accordance with the original plans and specifications of the affected Building, and the Association shall thereafter have the right to specially assess said Owner for the costs of such repair and re-construction.

ARTICLE VII.
ASSOCIATION COVENANT
FOR MAINTENANCE ASSESSMENTS

Section A. Creation of the Lien: Personal Obligations of the Assessments. Except as provided elsewhere herein, the Developer (and each party joining in this Declaration or in any supplemental declaration), for all Townhomes within the Property, hereby covenants and agrees, and each Owner of any Townhome by acceptance of a deed therefor, whether or not it shall be so expressed in such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association annual Assessments or charges for the maintenance, management, operation and insurance of the Common Area, the Surface Water or Storm Water Management System, any off-site landscaping, and other properties that may be otherwise used for the benefit of the Property as provided elsewhere herein, including such reasonable reserves as the Association may deem necessary, capital improvement Assessments, as provided elsewhere herein and all other charges and Assessments hereinafter referred to, all such Assessments to be fixed, established and collected from time to time as herein provided. In addition, special assessments may be levied against particular

Owners and Townhomes for fines, expenses incurred against particular Townhomes and/or Owners to the exclusion of others and other charges against specific Townhomes or Owners as contemplated in this Declaration. The annual special and other Assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Townhome against which each such Assessment is made. Each such Assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person who is the Owner of such property at the time when the Assessment fell due. Except as provided herein with respect to special Assessments which may be imposed on one or more Townhomes and Owners to the exclusion of others, all Assessments imposed by the Association shall be imposed against all Townhomes subject to its jurisdiction equally. Reference herein to Assessments shall be understood to include reference to any and all of said charges whether or not specifically mentioned.

Section B. Purpose of Assessments. The regular Assessments levied by the Association shall be used exclusively for maintenance, repair, renovation, and construction upon the Common Area, the maintenance and repair of the Community Wall and entry features, the maintenance and repair of the Surface Water or Storm Water Management System, and the maintenance and repair of such other properties as may be used for the benefit of the Property, as specifically provided herein, capital improvements, reserves, operating costs of the Association and to promote the health, safety, welfare and aesthetics of the Members of the Association and their families residing with them, their guests and tenants, all as provided for herein.

1. Reserves for Replacement. The Association may but is not required to establish or maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Area and the Community Wall. If such a reserve fund is established and the Association elects to maintain it, the fund shall be maintained from annual Assessments.

2. Working Capital. Upon the closing of the sale or the occupation of a Residence, the buyer (or Owner) of such Residence shall pay to the Association an amount equal to one-quarter (1/4) of the annual assessment of the Association for such Townhome, which amount shall be maintained by the Association as working capital for the use and benefit of the Association. Said amount shall not be considered as advance payment of annual Assessments. Prior to the Turnover Date, the Developer may use the working capital for operating expenses of the Association.

Section C. Specific Damage. Owners (on their behalf and on behalf of their children, invitees, tenants and guests) causing damage to any portion of the Common Area, the Community Wall or any landscaping and related facilities installed by the Developer or the Association as a result of misuse, negligence, failure to maintain or otherwise shall be liable to the Association, and an appropriate special Assessment may be levied therefor against such Owner or Owners. Such special Assessments shall be subject to all of the provisions hereof relating to other Assessments, including, but not limited to, the lien and foreclosure procedures.

Section D. Exterior Maintenance. The Owner of each Townhome shall maintain the exterior of the Townhome and the Townhome at all times in a neat and attractive manner and as provided elsewhere herein. Upon the Owner's failure to do so, the Association may at its option, after giving the Owner thirty (30) days' written notice sent to his last known address, or to the address of the subject premises, perform such reasonable maintenance and make such repairs as may be required to restore the neat and attractive appearance of the Townhome and the exterior of the Residence located thereon. The cost of any of the work performed by the Association upon the Owner's failure to do so shall be immediately due and owing from the Owner of the Townhome and shall constitute a special Assessment against the Townhome on which the work was performed, collectible in a lump sum and secured by the lien against the Townhome as herein provided. No bids need to be obtained by the Association for any such work and the Association shall designate the contractor in its sole discretion.

Section E. Special Assessments. Funds in excess of Twenty-Five Thousand (\$25,000.00) Dollars in any one case which are necessary for the addition of capital improvements (as distinguished from repairs and maintenance) relating to the Common Area under the jurisdiction of the Association or other properties used for the benefit of the Properties or such other matters as may be deemed appropriate and which have not previously been collected as reserves or are otherwise available to the Association shall be levied by the Association as Special Assessments only upon approval of a majority of the Board of Directors of the Association and upon approval by two-thirds (2/3) favorable vote of each class of the Members of the Association voting at a meeting or by ballot as may be provided in the By-Laws of the Association. Notwithstanding the foregoing, in the event damage occurs to the Common Areas as a result of a natural catastrophe such as a hurricane, flood or fire, a majority of the Board of Directors of the Association shall have the sole right to levy Special Assessments to repair the Common Area.

Section F. Date of Commencement of Annual Assessments: Due Dates. The annual Assessments provided for in this Article shall commence on the first day of the month next following the recordation of these covenants and shall be applicable through December 31 of such year. Each subsequent annual Assessment shall be imposed for the year beginning January 1 and ending December 31. The annual Assessments shall be payable in advance by one (1) annual payment, or by quarterly or semi-annual installments in the discretion of the Board of Directors of the Association. At the time of the closing of the sale of any Townhome upon which a Residence has been constructed by Developer or any Builder, the purchaser thereof shall pay to the Association an amount equal to the annual Assessment multiplied by a fraction, the numerator of which is the number of days remaining in the year of closing (including the date of closing) and the denominator of which is three hundred sixty-five (365). The due date of any special Assessment shall be fixed in the Board resolutions authorizing such assessment.

Section G. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the Assessment against each Townhome subject to the Association's jurisdiction for each assessment period, to the extent practicable, at least thirty (30) days in advance of such date or period, and shall, at that time, prepare a roster of the Townhomes and

Assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the Assessment shall thereupon be sent annually to every Owner subject thereto thirty (30) days prior to payment of the first installment thereof, except as to emergency Assessments. Nothing in this Section shall require the Association to prepare or send written notices of Assessment to every Owner more frequently than once per year. Subject to other provisions hereof, the Association shall upon demand at any time furnish to any Owner liable for an Assessment a certificate in writing signed by an officer of the Association, setting forth whether such assessment has been paid as to any particular Townhome. Such certification shall be conclusive evidence of payment of any Assessment to the Association therein stated to have been paid. The Association may charge a reasonable fee for such certificate. The Association, through the action of its Board of Directors, shall have the power, but not the obligation, to enter into an agreement or agreements from time to time with one or more persons, firms or corporations (including affiliates of the Developer) for management services or for other services beneficial to the Association or the proper operation and maintenance of the Properties. The Association shall have all other powers provided elsewhere herein, in its Articles of Incorporation and its By-Laws. A copy of the Articles of Incorporation and By-Laws are attached hereto as Exhibit "C".

Section H. Effect of Non-Payment of Assessment: the Personal Obligation & the Lien: Remedies of the Association. If the Assessments (or installments), whether general or special, are not paid on the date(s) when due (being the date(s) specified herein), then such Assessments (or installments) shall become delinquent and shall, together with late charges, interest and the cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the Townhome which shall bind such property. Each Assessment against a Townhome shall also be the personal obligation of the Owner at the time the Assessment fell due.

If any installment of an Assessment is not paid within fifteen (15) days after the due date, at the option of the Association, a late charge not greater than Twenty-Five (\$25.00) Dollars may be imposed and all such sums shall bear interest from the dates when due until paid at the highest lawful rate and the Association may bring an action at law against the Owner(s) personally obligated to pay the same or may record a claim of lien against the Townhome on which the assessment and late charges are unpaid or may foreclose the lien against the Townhome on which the assessments and late charges are unpaid, or may pursue one or more of such remedies at the same time or successively. In any such action or actions, the Association shall also have the right to recover its attorneys' fees (including paralegal fees) and costs, whether incurred before trial, at trial and upon all appellate levels.

In addition to the rights of collection of Assessments stated in this Section, any and all persons acquiring title to or an interest in a Townhome as to which the Assessment is delinquent, including without limitation persons acquiring title by operation of law and by judicial sales, shall not be entitled to the occupancy of such Townhome or the enjoyment of the Common Area until such time as all unpaid and delinquent Assessments due and owing from the selling Owner have been fully paid and no sale or other disposition of Townhomes shall be permitted until an estoppel letter is received from the Association acknowledging payment in full of all Assessments and other

sums due; provided however, that the provisions of this sentence shall not be applicable to the mortgagees and purchasers contemplated by Section I of this Article.

It shall be the legal right of the Association to enforce payment of the Assessment hereunder. Failure of the Association to send or deliver bills shall not, however, relieve Owners from their obligations hereunder.

Section I. Subordination of the Lien. The lien of the assessments provided for in this Article shall be subordinate to tax liens and to the lien of any first mortgage which is now or hereafter placed upon any property subject to Assessment; provided, however that any such mortgagee when in possession or any receiver, and in the event of a foreclosure, any purchaser at a foreclosure sale, and any such mortgagee acquiring a deed in lieu of foreclosure, and all persons claiming by, through or under such purchaser or mortgagee, shall hold title subject to the liability and lien of any Assessment coming due after such foreclosure (or conveyance in lieu of foreclosure). Any unpaid Assessment which cannot be collected as a lien against any Townhome by reason of the provisions of this Section shall be deemed to be an Assessment divided equally among, payable by and a lien against all Townhomes subject to Assessment by the Association, including the Townhomes as to which the foreclosure (or conveyance in lieu of foreclosure) took place.

Section J. Collection of Assessments. The Association shall collect the Assessments of the Association. No provision of this Declaration requires mortgagees to collect Assessments.

Section K. Guaranteed Assessments During Guarantee Period. Developer covenants and agrees with the Association and the Owners that, for the period commencing with the date of recordation of this Declaration and ending upon the sooner to occur of the following: (i) the date of turnover of the Association as described in Article III hereof ("Turnover Date"); or (ii) December 31, 2011, which date may be automatically extended as described herein ("Guarantee Period"), Developer shall be excused from payment of its share of the operating expenses and Assessments related to its Lots (other than Special Assessments) and, in turn, that the individual Lot Assessment charged to Owners other than Developer will not exceed the dollar amount set forth in the Budget of the Association ("Guaranteed Assessment") and that Developer will pay the difference ("deficit"), if any, between (a) the operating Expenses (other than those operating Expenses which are properly the subject of a Special Assessment) incurred by the Association during the Guarantee Period, and (b) the amounts assessed as Guaranteed Assessments against Owners during the Guarantee Period, the "Working Capital Fund" set forth in Article VII, Section B. 2 hereof and any other income of the Association during the Guarantee Period. Thus, during the Guarantee Period Owners shall not be obligated to pay Assessments other than the Guaranteed Assessment and Special Assessments and the Owners' respective Working Capital Fund Contribution. The Deficit, if any, to be paid by Developer pursuant to this Section K shall be determined by looking at the Guarantee Period as a whole, without regard to quarterly, annual or any other accounting or fiscal periods and without regard to intra period allocations. In that regard, in the event it is determined at the end of the Guarantee Period that there is a Deficit and Developer has previously advanced funds to the Association in excess of the Deficit during the Guarantee Period, Developer shall be entitled to the

immediate repayment from the Association of the amount of funds advanced by Developer in excess of the Deficit. The Guarantee Period shall automatically extend year to year until the Turnover Date unless the Developer provides thirty (30) days written notice of termination to the Association prior to the end of the Guarantee Period (as same may have been previously extended). Developer also reserves the right to increase the amount of the Guaranteed Assessment during any such extended Guarantee Period. Special Assessments are not included in this Guarantee.

Section L. Funds. The portion of all regular Assessments collected by the Association for reserves for future expenses, and the entire amount of all special assessments, shall be held by the Association for the Owners of all Townhomes, as their interests may appear, and may be invested in interest bearing accounts or in certificates of deposit or other like instruments or accounts available at banks or savings and loan institutions the deposits of which are insured by an agency of the United States.

Section M. Strict Liability of Owners Not Imposed. No provision of this Article or this Declaration shall impose strict or absolute liability on Owners for damage to Common Areas or Townhomes.

ARTICLE VIII. CERTAIN RESTRICTIONS

Section A. Applicability. The provisions of this Article VIII shall be applicable to all of the Properties but shall not be applicable to the Developer or property owned by the Developer.

Section B. Land Use and Building Type. No Townhome shall be used except for residential purposes. No business, commercial, industrial, trade, professional or other non-residential activity or use of any nature or kind shall be conducted on any Lot or in any Unit. No Building shall be erected, altered, placed or permitted to remain on any Lot other than one Residence. Temporary uses by Developer for model homes, sales displays, parking lots, sales offices, construction offices and other offices, or any one or combination of such uses, shall be permitted until permanent cessation of such uses takes place. No changes may be made in buildings erected by the Developer (except if such changes are made by the Developer) without the consent of the ARB as provided herein.

Section C. Opening Walls; Removing Fences. No Owner shall make or permit any opening to be made in any Developer or Association erected wall or fence except as such opening is installed by Developer. No such wall or fence shall be demolished or removed without the prior written consent of the Developer and the ARB. Developer shall have the right but shall not be obligated to assign all or any portion of its rights and privileges under this Section to the Association.

Section D. Easements. Easements for installation, replacement, connection to, disconnection from, and maintenance of utilities are reserved as shown on the recorded Plat covering the Properties and as provided herein. Within these easements, no structure, planting or other material may be placed or permitted to remain that will interfere with or prevent the maintenance of utilities, unless

said structure, planting or other material has been so placed by the Developer or the Association or has been so placed with the permission of the ARB. The area of each Townhome covered by an easement and all improvements in the area shall be maintained continuously by the Owner of the Townhome, except as provided herein to the contrary and except for installations for which a public authority or utility company is responsible. The appropriate water and sewer authority, electric utility company, telephone company the Association, and Developer and their respective successors and assigns, shall have a perpetual easement for the installation, replacement, connection to, disconnection from and maintenance, all underground, of water lines, sanitary sewers, storm drains, and electric, telephone and security lines, cables and conduits, under and through the utility and drainage easements, as the case may be, as shown on the Plat. Developer and its designees, successors, and assigns, shall have a perpetual easement for the installation and maintenance of cable, radio, television and security lines within utility easement areas shown on the Plat. All utility lines within the Properties, whether in street, right of way or utility easements, shall be installed and maintained underground.

Section E. Nuisances. No noxious, offensive or unlawful activity shall be carried on upon or about the Properties, nor shall anything be done thereon which may be or may become an annoyance or nuisance to other Owners.

Section F. Temporary and Other Structures. No structure of a temporary character, or storage shed, utility shed or similar structure, greenhouse, trailer, ~~unit~~ mobile home, motor home, or recreational vehicle, shall be permitted on the Properties at any time or used at any time as a residence, either temporarily or permanently, except by the Developer during construction. No gas tank, gas container or gas cylinder shall be permitted to be placed on or about the outside of any Residence or on or about any ancillary building, unless approved by the ARB, and if approved must be buried or screened and enclosed by a structure approved by the ARB.

Section G. Signs. No sign of any kind shall be displayed to the public view on the Properties while there exists a Class B Member, except any sign used by the Developer to advertise the company or builder, project, sales or other matters during the construction and sales period. No sign of any kind shall be permitted to be placed inside a home or on the outside walls of the home or on any fences on the Properties, nor on the Common Area, nor on dedicated areas, if any, nor on entryways or any vehicles within the Properties, except such as are placed by the Developer.

Section H. Oil and Mining Operation. No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in the Properties, nor on dedicated areas, nor shall oil wells, tanks, mineral excavation or shafts be permitted upon or in the Properties. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any portion of the land subject to these restrictions.

Section I. Animals and Pets. No animals, livestock, or poultry of any kind may be raised, bred, kept or permitted on any Lot, with the exception of dogs, cats, or other usual and common household pets, and not to exceed a maximum of three (3) domesticated dogs and/or cats (i.e., 3 dogs

Art. VIII Certain Restrictions

or 3 cats or 2 cats and 1 dog or 2 dogs and 1 cat), provided that Unit Owners with pets shall be responsible for cleaning up the waste produced by the Unit Owner's pets and Unit Owner's shall immediately pick up any pet waste from the Gramercy Square property. Caged birds and a fish tank as provided below may be maintained in a Unit provided such pets are: (a) permitted to be so kept by applicable laws and regulations, (b) not left unattended on balconies (except that bird cages and fish tanks will not be permitted in balconies), (c) generally, not a nuisance to residents of other Townhomes or of neighboring buildings and (d) not a pit bull or other breed considered to be dangerous by the Board of Directors; provided that neither the Board nor the Association shall be liable for any personal injury, death or property damage resulting from a violation of the foregoing and any occupant of a Unit committing such a violation shall fully indemnify and hold harmless the Board of Directors, the Developer, each Unit Owner and the Association in such regard. Any landscaping damage or other damage to the Common Elements caused by a Unit Owner's pet must be promptly repaired by the Unit Owner. The Association retains the right to effect said repairs and charge the Unit Owner therefor. Without limiting the generality of this section, a violation of the provisions of this paragraph shall entitle the Association to all of its rights and remedies, including, but not limited to, the right to fine Unit Owners (as provided in the By-Laws and/or any applicable rules and regulations) and/or to require any pet to be permanently removed from the Property.

Section J. Architectural Control. No building, building addition, wall, fence, drainage swale, athletic or recreational facility or other structure or improvement of any nature or kind (including mailboxes, landscaping and exterior paint and furnish) shall be erected, placed or altered on any Lot until the construction plans and specifications and a plan showing the location of the structure and landscaping, or composition of the materials used therefor, as may be required by the ARB has been approved in writing by the ARB and all necessary governmental permits are obtained. Each Building, addition, wall, fence, mailbox or other structure or improvement of any nature, together with the landscaping, shall be erected, placed or altered upon the premises only in accordance with the plans and specifications and plot plan so approved and applicable governmental permits and requirements. The ARB shall have the right, in its sole and absolute discretion, to refuse approval of plans, specifications and plot plans, or any of them, based on any ground, including purely aesthetic grounds. Any change in the exterior appearance of any Building, wall, fence, mailbox or other structure or improvements, and any change in the appearance of the landscaping, shall be deemed an alteration requiring approval. The ARB shall have the power to promulgate such rules and regulations as it deems necessary to carry out the provisions and intent of this Section.

So long as the Developer owns any Townhomes in the Properties, the ARB shall be appointed by the Developer. Thereafter, the ARB shall be a committee composed of or appointed by the Board of Directors of the Association. During the period in which the Developer appoints the membership of the ARB, the ARB shall have three (3) members. At such time as the Board of Directors appoints the ARB members, the ARB shall have any number of members, but never less than three (3), as deemed appropriate by the Board of Directors.

The address of the ARB shall be the address of the Developer or the Association, depending on which party appoints its membership. The Board of Directors of the Association and the ARB

may employ personnel and Consultants to assist the ARB at the expense of the Association. The members of the ARB shall not be entitled to any compensation for services performed pursuant to this Declaration. The ARB shall act on submissions to it, or request further information thereon, within thirty (30) days after receipt of the same (and all further documentation required) or else the request shall be deemed approved.

The provision herein regarding ARB approval shall not be applicable to Developer or to construction activities conducted by Developer.

Notwithstanding anything herein to the contrary, the ARB, in its sole and absolute discretion, may grant a variance as to any of the restrictions, conditions and requirements set forth in this Article so long as, in the judgment of the ARB, the noncompliance for which the variance is granted is not of a substantial nature and the granting of the variance shall not unreasonably detract from the use and enjoyment of adjoining Townhomes and the Properties. In no event shall the granting of a variance in one instance require the ARB to grant a similar or other type of variance in any other instance, it being understood that the granting of variances from the restrictions, conditions and requirements of this Article shall be in the sole and absolute discretion of the ARB.

The ARB and any and all officers, directors, employees, agents and members of the Association shall not, either jointly or severally, be liable, or accountable in damages or otherwise to any Owner or other person or party whomsoever, by reason of or on account of any decision, approval or disapproval of any plans, specifications or other materials required to be submitted for review and approval pursuant to provisions of this Section of this Declaration, or for any mistake in judgment, negligence, misfeasance, or nonfeasance related to or in connection with any such decision, approval or disapproval, and each owner by acquiring title to any Townhome or interest therein, shall be deemed to have agreed that he or it shall not be entitled to and shall not bring any action, proceeding or suit against such parties.

Section K. Exterior Appearance and Landscaping. The paint, coating, stain and other exterior finishing colors on all Residences and masonry walls may be maintained as that originally installed, without prior approval of the ARB but prior approval of the ARB shall be necessary before any such exterior finishing color is changed.

Section L. Commercial Trucks, Trailers, Campers and Boats. With the exception of non-commercial trucks with three-quarter (3/4) ton capacity or less, no trucks or commercial vehicles, or campers, mobile homes, motor homes, house trailers or trailers of every other description, recreational vehicles, boats, boat trailers, horse trailers or vans, shall be permitted to be parked or to be stored at any place on the Properties, not in dedicated areas, unless same shall be parked or stored entirely within and fully enclosed by a garage. This prohibition of parking shall not apply to temporary parking or trucks and commercial vehicles, such as for pick-up and delivery and other commercial services, nor to non-commercial vans for personal use which are in acceptable condition in the sole opinion of the Board of Directors (which favorable opinion may be changed at any time), nor to any vehicles of the Developer or those required by any Builder during construction,

on any Townhome. No on-street parking of the foregoing shall be permitted. In the event any provision of this Covenant is breached, the Developer or the Association may have said truck, commercial vehicle, camper, mobile home, motor home, house trailer, other trailer, recreational vehicle, boat, boat trailer, or horse trailer towed from the Properties at the Owner's sole cost and expense, and a special Assessment may be levied therefor against such Owner.

Section M. Garbage and Trash Disposal. No garbage, refuse, trash or rubbish shall be deposited except as permitted by the Association. The requirements from time to time of the applicable governmental authority for disposal or collection of waste shall be complied with. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. All garbage and trash containers and their storage areas and the like shall be kept within a garage, placed inside an enclosure approved by the ARB, or behind opaque walls attached to and made a part of the Townhome, and otherwise in conformity with applicable rules, regulations and approvals. Such containers may not be placed out for collection sooner than the night prior to a scheduled collection day and must be recovered prior to the end of the collection day.

Section N. Fences. No fence, wall or other similar structure ("Fence") shall be erected on any Lot unless such Fence is approved by the Board of Directors and the AR B.

In the event an Owner installs a Fence, the Association shall have no further obligation to maintain the landscaping or grassed areas located in the fenced-in area of the Lot and the Owner shall be deemed to have waived all maintenance rights contained herein for the fenced-in area. The Owner shall not be entitled to a reduction in the Operating Expenses as a result of the Association not maintaining the landscaping and grassed areas in the fenced-in area.

In the event any wall or fence installed by an Owner abuts the Community Wall or any other wall or fence constructed by Developer, and such wall or fence installed by said Owner is taller than said Community Wall or other wall or fence constructed by Developer, the top of the wall or fence installed by the Owner shall slope down to the top of the Community Wall or Developer constructed wall or fence in a manner acceptable to the ARB.

Section O. Mailboxes. No mailboxes or similar improvement shall be installed unless the location thereof has been approved by the ARB and the materials therefor and color thereof have been approved by the ARB and are in accordance with such standards for materials and colors as may be adopted by the ARB.

Section P. No Drying. To the extent lawful, no clothing, laundry or wash shall be aired or dried or any portion of the Properties which is visible from the adjacent Townhomes.

Section Q. Storm Shutters: Outside Window Covering. Storm or Hurricane Shutters or other outside window covering of any kind may only be installed within seventy two hours prior to a predicted storm or hurricane and must be removed from a Residence no later than forty-eight (48) hours after any storm or hurricane for which the shutters were closed or attached. Outside window coverings are prohibited if installed merely due to the absence of an Owner.

Section R. Leasing. No lease may be made for any Lot or Unit for less than twelve (12) months, and all leases must be in writing and approved in writing by the Association.

Section S. Waterways. Motorized boats, jet skis and other motorized boats are not permitted in any waterway within the property.

Section T. Parking. The parking of vehicles within the interior street system of the Property is prohibited.

Section U. Additional Rules and Regulations. In addition to the foregoing, the Association shall have the right, power and authority, subject to the prior written consent and approval of Developer, to promulgate and impose rules and regulations governing and/or restricting the use of the Properties and Townhomes, including without limitation rules and regulations relating to the placement or installation of any type of improvement, and to thereafter change, modify, alter, amend, rescind and augment any of the same; provided, however, that no rules and regulations so promulgated shall be in conflict with the provisions of this Declaration. Any such rules and regulations so promulgated by the Association shall be applicable to and binding upon all the Properties and the Owners thereof and their successors and assigns, as well as all guests and invitees of and all parties claiming by, through or under such Owners.

ARTICLE IX. RIGHTS OF DECLARANT

Section A. Declarant's Rights in the Association. This Section A may not be amended without the express written consent of the Declarant.

Prior to and after the turnover of the Association to the Owners and until conveyance of the last Lot to be contained within the Property to a third party end user (as opposed to a builder), the Board shall not undertake any action which shall:

- (1) prohibit or restrict in any manner the sales and marketing program of the Declarant, or any builder or the leasing activities of the Declarant or any builder;
- (2) decrease the level of maintenance services of the Association performed by the initial Board of Directors;
- (3) make any special assessment against or impose any fine upon the Declarant's property within the Property or the Declarant;
- (4) alter or amend this Declaration, the Articles or By-Laws of the Association;

- (5) terminate or waive any rights of the Association under this Declaration;
- (6) convey, lease, mortgage, alienate or pledge any easements or Common Area of the Association;
- (7) accept the conveyance, lease, mortgage, alienation or pledge of any real or personal property to the Association;
- (8) terminate or cancel any easements, granted hereunder or by the Association;
- (9) terminate or impair in any fashion any easements, powers or rights of the Declarant hereunder;
- (10) restrict the Declarant's rights of use, access and enjoyment of any of the Property; or
- (11) cause the Association to default on any obligation of it under any contract or this Declaration.

In any such matter, the Declarant's consent shall be exercised by its appointee on the Board or other person designated to so act by the Declarant.

Section B. Right of Declarant to Disapprove Actions. This Section B may not be amended without the express, written consent of the Declarant.

From the date of turnover of the Association by the Declarant to the Owners and until the conveyance of all Townhomes within the Property to third party end-users (as opposed to builders), the Declarant shall have a right to disapprove actions of the Board and any committees, as is more fully provided in this Section. This right shall be exercisable only by the Declarant, its successors, and assigns who specifically take this power in a recorded instrument, or who become a successor Declarant pursuant to a recorded assignment or court order. No action authorized by the Board of Directors or any committee shall become effective, nor shall any action, policy or program be implemented until ten (10) days following the Declarant's receipt of notice of the action taken at the meeting held pursuant to the terms and provisions hereof. At any time prior to the expiration of such ten (10) day period, the Declarant may exercise its right to disapprove actions of the Board and any committees and the Association shall not take any action or implement any policy, program or rule or regulation previously approved by the Association.

This right to disapprove shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board or the Association. The Declarant shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Section C. Recognition by Owners of the Declarant's Rights to Develop and Construct Improvements on the Property. Each Owner on his, her or its own behalf and on behalf of such Owner's heirs, personal representatives, successors, mortgagees, lienors and assigns acknowledges and agrees that the completion of the development of GRAMERCY SQUARE may occur over an extended period of time and that incident to such development and the construction associated therewith the quiet use and enjoyment of the Property and each portion thereof may be temporarily interfered with by the development and construction work occurring on those portion of the Property owned by the Declarant or its successors and assigns. Each Owner, on such Owner's behalf and on behalf of such Owner's heirs assigns, personal representatives, successors, mortgagees, lienors and assigns does hereby waive all claims for interference with such quiet enjoyment and use as a result of the development and construction of the balance of the Property. Each Owner on behalf of such Owner's heirs, personal representatives, successors, mortgagees, lienors and assigns agrees that the development, construction and completion of the balance of the Property may interfere with such Owner's original and existing views, light and air and use of the same and each such Owner on such Owner's behalf and on behalf of such Owner's heirs, assigns, personal representatives, successors, mortgagees, lienors and assigns does hereby release the Declarant and its successors in interest and others involved from all claims that they may have in connection therewith.

Section D. Declarant's Rights in Connection with Development. The Declarant and its successors or assigns will undertake the work of constructing buildings, dwellings and improvements related thereto. The completion of that work and the sale, resale, rental and other disposal of Townhomes is essential to the establishment and welfare of GRAMERCY SQUARE as a community. As used in this Section and its subparagraphs, the words "its successors or assigns" specifically do not include purchasers of completed Townhomes. In order that said work may be completed and GRAMERCY SQUARE established as a fully occupied community as rapidly as possible, no Owner or the Association shall do anything to interfere with the Declarant's or any builder's activities. Without limiting the generality of the foregoing, nothing in this Declaration or the Articles or By-Laws or any amendment thereto shall be understood or construed to prevent the Declarant, its successors or assigns, or its or their contractors or subcontractors and their representatives from:

(1) doing on any property owned by them whatever they determine to be necessary or advisable in connection with the completion of said work, including without limitation, the alteration of its construction plans and designs as the Declarant or any builder deems acceptable in the course of development (all models or sketches showing plans for future development of the Property may be modified by the Declarant at any time and from time to time, without notice); or

(2) erecting, constructing and maintaining on any property owned or controlled by the Declarant, or its successors or assigns or its or their contractors or subcontractors, such structures as may be reasonably necessary for the conduct of its or their business of completing said work and establishing GRAMERCY SQUARE as a community and disposing of the same by sale, lease-or otherwise; or

(3) conducting on any property owned or controlled by the Declarant or its successors or assigns, its or their business of developing, subdividing, grading and constructing improvements on the Property and of disposing of Townhomes therein by sale, resale, lease or otherwise; or

(4) determining in its sole discretion the nature of any type of improvements to be constructed as part of GRAMERCY SQUARE subject to the approval of the Architectural Review Committee.

Any or all of the special rights and obligations of the Declarant may be transferred to other persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Public Records of Palm Beach County, Florida.

The Declarant expressly reserves the right to grant easements and rights-of-way over, under and through the Common Areas so long as the Declarant or any builder owns any portion of the Property primarily for development and/or resale; provided no such easement shall materially interfere with the use of the Common Area by the Members.

Notwithstanding any provisions contained in this Declaration to the contrary, so long as construction, initial sale, resale, and leasing of Townhomes shall continue, it shall be expressly permissible for the Declarant to obtain and carry on upon portions of the Common Area and Townhomes owned by Declarant such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction, initial sale, resale of Townhomes, including, but not limited to, business offices, signs, model lots, and sales offices, and the Declarant shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use any Lot owned by the Declarant and any clubhouse or activity center which may be owned by the Association, as models, or information or sales offices. The rights of the Declarant under this paragraph may be transferred to other persons in writing and recorded in the Public Records of Palm Beach County, Florida.

Section E. Future Easements and Modifications. The Declarant, until such time as all Townhomes comprising the Property have been sold and conveyed to third party end-users (as opposed to builders), reserves the right to grant, modify or enter into easements, dedications, agreements, licenses, restrictions, reservations, covenants and rights of way, to modify the boundary lines and to plat or replat portions of the Property, for development of GRAMERCY SQUARE. The Association and each Owner and mortgagee of a portion of the Property agree to execute and deliver any and all agreements, documents, plats and instruments which are necessary or desirable to accomplish the same.

Section F. Declarant's Rights Incident to Construction. The Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under, and across the Common Area and the right to store materials thereon and to make such other

use thereof as may be reasonably necessary or incident to the construction of the Property; provided, however, that no such rights shall be exercised by Declarant or its successors or assigns in such a way as to unreasonably interfere with the occupancy, use, enjoyment, or access to a Lot by any Owner or such Owner's family, tenants, employees, guests, or invitees. Seller is hereby granted by Purchaser the right of ingress and egress for itself, its employees, agents and subcontractors, and designees and assigns, over and upon any portion of the Lot as may be reasonably required for the construction of improvements upon an adjacent Property.

Section G. Amendment. This Article may not be amended without the express written consent of the Declarant so long as not all of the Townhomes comprising the Property have been sold and conveyed to third party end-users (as opposed to builders) or sooner upon the recording of a written statement by the Declarant in the Public Records of Palm Beach County, Florida that all sales activity has ceased.

ARTICLE X. MORTGAGEE PROVISIONS

The following provisions are for the benefit of first mortgagees holding mortgages on Townhomes. A first mortgagee is defined as any institutional lender who holds a first mortgage on a Lot and who has notified the Association in writing of its holdings. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

Section A. Notice to Mortgagee. A first mortgagee who provides written request to the Association (such request to state the name and address of such mortgage holder, insurer, or guarantor and the Lot address), will be entitled to timely written notice of:

(1) any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the mortgage of such first mortgagee, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any first mortgagee, upon request, is entitled to written notice from the Association of any default in the performance by such Owner of any obligation under this Declaration or By-Laws of the Association which is not cured within sixty (60) days; or

(2) any condemnation loss or any casualty loss which affects a material portion of The Property;

(3) any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

Section B. Taxes. First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay

overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section C. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

Section D. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Lot.

ARTICLE XI. INVESTOR RESTRICTIONS.

The Declarant has adopted in its purchase contracts and/or incorporated into its deeds of conveyance certain restrictions regarding resale and leases of Residences within Gramercy Square. Reference should be made by Owners to their purchase agreements and/or deeds of conveyance for the specific details of this restriction.

ARTICLE XII. ENFORCEMENT

Section A. Compliance by Owners. Every Owner and each and every of his/her Townhomes' occupants shall comply with the terms, provisions, restrictions and covenants set forth herein and any and all rules and regulations which from time to time may be adopted by the Board of Directors of the Association and each such Person shall be responsible for all violations and losses to the Common Areas caused by the them or their invitees and guests.

Section B. Enforcement. The Developer, the Association, the Association Board of Directors, the ARB and each Owner, or any other party as provided herein shall have the right to enforce this Declaration and the covenants, restrictions and provisions hereof. Enforcement of this Declaration and the covenants, restrictions and provisions hereof may be accomplished by any proceeding at law or in equity, including without limitation, an action for damages and injunctive relief. The Association shall have the right to suspend the voting rights and use of the Common Area of any defaulting Owner. Failure to enforce any covenant, restriction or provision hereof shall not be deemed a waiver to do so thereafter. The defaulting and/or offending Owner shall be responsible for all costs incurred in enforcement of this Declaration, including but not limited to, attorney, paralegal and legal assistant fees, costs and expenses, related fees, costs and expense, court costs and witness and expert fees and costs, whether suit be brought or not, and whether in settlement, in any declaratory action, at trial or on appeal.

Section C. Fines. In addition to all other remedies, in the sole discretion of the Board of Directors of the Association, a fine or fines may be imposed upon an Owner for failure of an Owner, his family, their guests, invitees, tenants, or employees to comply with any term, provision, covenant, restriction, rule or regulation contained herein or promulgated pursuant to this Declaration, provided the following procedures are adhered to:

1 Notice: The Association shall notify the Owner of the infraction or infractions. Included in the notice shall be the date and time of the next Board of Directors meeting at which time the Owner shall present reasons why a penalty or penalties should not be imposed.

2 Hearing: The noncompliance shall be presented to the Board after which time the Board of Directors shall hear reasons why penalties should not be imposed. A written decision of the Board of Directors shall be submitted to the Owner no later than thirty (30) days after the Board of Directors meeting.

3 Penalties: The Board of Directors may impose special assessments against the Townhome or Townhomes owned by the Owner as follows:

First noncompliance or violation: a fine not in excess of One Hundred (\$100.00) Dollars; however, the fine may be levied on the basis of each day of a continuing violation with a single notice and opportunity for hearing, except no such fine shall exceed One Thousand (\$1,000.00) Dollars.

4 Payment of Penalties: Fines shall be paid no later than thirty (30) days after notice of the imposition or assessment of the penalties. Any fines not paid within such thirty (30) day period shall thereafter accrue interest at the highest rate allowed by law until paid.

5 Collection of Fines: Owner's Fines shall be treated as an Assessment otherwise due to the Association, and as such will be a lien against the Owner's Townhome.

6 Application for Penalties: All monies received from fines shall be allocated as directed by the Board of Directors.

7 Nonexclusive Remedy: These fines shall not be construed to be exclusive, and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; however, any penalty paid by the offending Owner shall be deducted from or offset against any damages that the Association may otherwise be entitled to recover by law from such Owner.

ARTICLE XIII.
FHA/VA APPROVALS

Notwithstanding anything in this Declaration to the contrary, the dedication of additional Common Area, and the amendment of this Declaration require prior FHA/VA approval as long as there is a Class B Membership, if such financing is utilized in the purchase of Townhomes.

ARTICLE XIV.
GENERAL PROVISIONS

Section A. Municipal Service Taxing Units. Upon acceptance of any deed or other instrument conveying title to any Townhome, each Owner thereof acknowledges that each such Townhome is or may be located in one or more municipal service taxing units (each is an "MSTU") for the purpose of providing street lighting or any other purposes for which an MSTU may be established under Florida law. Each Owner agrees to be subject to and bound by such MSTU's and to pay all fees, charges, surcharges, levies and assessments, in whatsoever nature or form, relating to said districts and/or to the Owner's Townhome. Further, each Owner agrees that it shall cooperate fully with Developer or the Association in connection with any efforts of Developer or the Association to include the Property in any MSTU's, and to execute any documents or instruments which may be required to do so.

Section B. Insurance. The Association shall obtain and maintain in effect casualty and liability insurance in form and amount substantially similar to that specified in the Federal National Mortgage Association Lending Guide, Chapter Three, Part Five, Insurance Requirements, as such requirements shall be amended from time to time, or such similar insurance coverage as may be deemed advisable by the Board of Directors of the Association.

Section C. Duration. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and be enforceable by the Developer, the Association, the ARB and the Owner of any land subject to this Declaration, and their respective legal representatives, heirs, successors and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years each unless an instrument signed by the then Owners of seventy-five percent (75%) of all the Townhomes subject hereto has been recorded, agreeing to revoke said covenants and restrictions. Provided, however, that no such agreement to revoke shall be effective unless made and recorded three (3) years in advance of the effective date of such revocation, and unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any action taken.

Section D. Notice. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when personally delivered or mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section E. Severability. Invalidation of any one of these covenants or restrictions or any part, clause or word hereof, or the application thereof in specific circumstances, by judgment or court order shall not affect any other provisions or applications in other circumstances, all of which shall remain in full force and effect.

Section F. Amendment. This Declaration may be amended, from time to time upon the consent of not less than sixty-six and two-thirds percent (66 2/3%) of all Townhome Owners entitled to vote. Prior FHA/VA approval of any amendment is required so long as there is a Class B Membership and such financing is utilized in the purchase of Townhomes. Prior South Florida Water Management District approval of any amendment altering Article IV, Section J is required. No amendment that withdraws property from the terms of this Declaration shall be recorded unless approved in writing by the Palm Beach County Attorney's Office.

Section G. Effective Date. This Declaration shall become effective upon its recordation in the Public Records of Palm Beach County, Florida.

Section H. Conflict. This Declaration shall take precedent over conflicting provisions in the Articles of Incorporation and By-Laws of the Association and the Articles shall take precedence over the By-Laws.

Section I. Standards for Consent, Approval, Completion, Other Action and Interpretation. Whenever this Declaration shall require the consent, approval, completion, substantial completion, or other action by the Developer, the Association or the ARB, such consent, approval or action may be withheld in the sole and absolute discretion of the party requested to give such consent or approval or take such action and all matters required to be completed or substantially completed by the Developer or the Association shall be deemed completed or substantially completed when so determined, in the discretion, respectively, of the Developer or Association.

Section J. Easements. Should the intended creation of any easement provided for in this Declaration fail by reason of the fact that at the time of creation there may be no grantee in being having the capacity to take and hold such easement, then any such grant of easement deemed not to have been so created shall nevertheless be considered as having been granted directly to the Association as agent for such intended grantees for the purpose of allowing the original party or parties to whom the easements were originally intended to have been granted the benefit of such easement and the Owners hereby designate the Developer and the Association (or either of them) as their lawful attorney-in-fact to execute any instrument on such Owners' behalf as may hereafter be required or deemed necessary for the purpose of later creating such easement as it was intended to have been created herein. Formal language of grant or reservation with respect to such easements, as appropriate, is hereby incorporated in the easement provisions hereof to the extent not so recited in some or all of such provisions.

Section K. Covenants Running With the Land. ANYTHING TO THE CONTRARY HEREIN NOTWITHSTANDING AND WITHOUT LIMITING THE GENERALITY (AND SUBJECT TO THE LIMITATIONS) OF SECTION C HEREOF, IT IS THE INTENTION OF ALL PARTIES AFFECTED HEREBY (AND THEIR RESPECTIVE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS) THAT THESE COVENANTS AND RESTRICTIONS SHALL RUN WITH THE LAND AND WITH TITLE TO THE PROPERTIES WITHOUT LIMITING THE GENERALITY OF SECTION F HEREOF, IF ANY PROVISION OR APPLICATION OF THIS DECLARATION WOULD PREVENT THIS DECLARATION FROM RUNNING WITH THE LAND AS AFORESAID, SUCH PROVISION AND/OR APPLICATION SHALL BE JUDICIALLY MODIFIED, IF AT ALL POSSIBLE, TO COME AS CLOSE AS POSSIBLE TO THE INTENT OF SUCH PROVISION OR APPLICATION AND THEN BE ENFORCED IN A MANNER WHICH WILL ALLOW THESE COVENANTS AND RESTRICTIONS TO SO RUN WITH THE LAND; BUT IF SUCH PROVISION AND/OR APPLICATION CANNOT BE SO MODIFIED, SUCH PROVISION AND OR APPLICATION SHALL BE UNENFORCEABLE AND CONSIDERED NULL AND VOID IN ORDER THAT THE PARAMOUNT GOAL OF THE PARTIES AFFECTED HEREBY (THAT THESE COVENANTS AND RESTRICTIONS RUN WITH THE LAND AS AFORESAID) BE ACHIEVED.

Section L. Dissolution of Association. In the event of a permanent dissolution of the Association, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created, or 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. Said successor non-profit organization or governmental entity shall pursuant to this Declaration provide for the continued maintenance and upkeep of the Common Area, the Surface Water or Storm Water Management System and such other property as may be contemplated herein.

ARTICLE XV. ADDITIONS AND WITHDRAWALS FROM THE PROPERTY

Section A. Additions. Declarant may from time to time, in its sole discretion, by recording appropriate Supplemental Declaration(s) in the Public Records of Palm Beach County, add any Additional Property or any other real property to the Property governed by this Declaration, and may declare all or part of such Additional Property or other property (including any Improvements thereon) to be Townhomes or Common Areas. Upon the recording of a Supplemental Declaration, the property described therein shall be deemed part of the Property as if it were originally included therein and subject to this Declaration. Any such Supplemental Declaration may submit any Additional Property or any other real property to such modifications of the covenants, restrictions, reservations, regulations, burdens, liens and/or easements contained in this Declaration as may be necessary or convenient to reflect or adapt to any changes in circumstances or differences in the character of any such Additional Property or other property. Nothing contained in this Section A shall be construed to require the joinder by or consent of the Owners or the Association to any such

Supplemental Declaration; provided, however, the Association shall join in the execution of any such Supplemental Declaration at the request of Declarant.

Section B. Designation of Additional Common Areas. The Declarant may, from time to time, by recording Supplemental Declarations in Palm Beach County, designate additional portions of the then existing Property owned by it to be Common Area(s).

Section C. Disclaimer of Implication. Only the real property described in Exhibit "A" hereto is submitted and declared as the Property subject to this Declaration. Unless and until a Supplemental Declaration is recorded in the fashion required pursuant to this Declaration, no other property (including any Additional Property) shall in any way be deemed to constitute a portion of the Property or be affected by the covenants, restrictions, reservations, regulations, burdens, liens, and easements expressly binding the Property as provided by the terms of this Declaration.

Section D. Absence of Obligation. Nothing in this Declaration shall be construed to require the Declarant to add any Additional Property to the Property encumbered by this Declaration or to require Declarant to declare any portion of any properties added to the Property to be Association Property, nor shall anything in this Declaration be construed to require the Declarant to declare any portion or portions of the existing Property as Association Property, except to the extent herein specifically provided.

Section E. Withdrawal. Notwithstanding anything herein to the contrary, Declarant reserves the absolute right at any time to withdraw portions of the Property from the provisions of this Declaration by recording an appropriate Supplemental Declaration in Palm Beach County. Any such Supplemental Declaration must be executed by the Declarant, the Owner of each Lot located on the Property sought to be withdrawn (if any) and each holder of an institutional mortgage on a Lot located on the Property sought to be withdrawn (if any), in order to be effective. Nothing contained in this Section shall be construed to require the joinder by or consent of the Owners of Townhomes on the portion of the Property which is not withdrawn by such Supplemental Declaration, such Owners' institutional mortgagees holding mortgages on Townhomes on the portion of the Property which is not withdrawn by such Supplemental Declaration, or the Association.

JOINDER AND CONSENT

RBC CENTURA BANK, a North Carolina banking corporation ("Lender") hereby certifies that it is the holder of that certain Amended and Restated Construction Mortgage, Security Agreement and Fixture Filing Financing Statement with Assignment of Leases and Rents from GRAMERCY SQUARE, LLC, a Florida limited liability company dated 10/17/2006 and recorded 10/19/2006 in Official Records Book 20984, Page 1232, of the Public Records of Palm Beach County, Florida and the Lender does hereby join in and consent to the Declaration of Conditions, Covenants, Easements and Restrictions for GRAMERCY SQUARE.

Signed, sealed and delivered
in the presence of

RBC CENTURA BANK
a North Carolina banking corporation

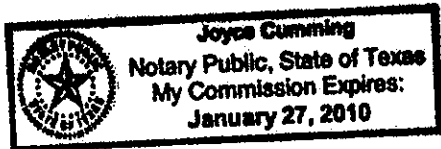
Barbara Pestinger
Print Name: Barbara Pestinger

By: Seema Sachdev
Print Name: SEEMA SACHDEV
Title: VICE PRESIDENT

Holly Odom
Print Name: Holly Odom

TEXAS
STATE OF FLORIDA)
)ss:
COUNTY OF HARRIS)

The foregoing instrument was acknowledged before me this 15th day of May, 2007 by Seema Sachdev, as V.P. of RBC CENTURA BANK, a North Carolina banking corporation. He or she is personally known to me or has produced _____ as identification and did/did not take an oath.



Notary Public:
sign Joyce Cumming
print Joyce Cumming
State of Florida at Large (Seal) TEXAS
My Commission Expires: 1/27/10

EXHIBIT "A"

PROPERTY

All of GRAMERCY SQUARE, according to the plat thereof, as recorded in Plat Book 107, Page 5, public records of Palm Beach County, Florida.

TOGETHER WITH:

All of GRAMERCY SQUARE PLAT TWO, according to the plat thereof, as recorded in Plat Book 109, Page 171, public records of Palm Beach County, Florida.

EXHIBIT "B"

SFWMD PERMIT #50-07067-P

[ATTACHED]



Phase 1

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
ENVIRONMENTAL RESOURCE
STANDARD GENERAL PERMIT NO. 50-07067-P
DATE ISSUED: August 22, 2005**

Form #0941
08/95

PERMITTEE: GRAMERCY SQUARE L.L.C.
14406 MILITARY TRAIL
DELRAY BEACH, FL 33484

PROJECT DESCRIPTION: Construction and operation of a surface water management system to serve a 13.34 acre residential development project known as Gramercy Square.

PROJECT LOCATION: PALM BEACH COUNTY, SEC 14 TWP 46S RGE 42E

PERMIT DURATION: See Special Condition No:1. See attached Rule 40E-4.321, Florida Administrative Code.

This is to notify you of the District's agency action concerning Notice of Intent for Permit Application No. 050711-8, dated July 11, 2005. This action is taken pursuant to Rule 40E-1.603 and Chapter 40E-40, Florida Administrative Code (F.A.C.).

Based on the information provided, District rules have been adhered to and an Environmental Resource General Permit is in effect for this project subject to:

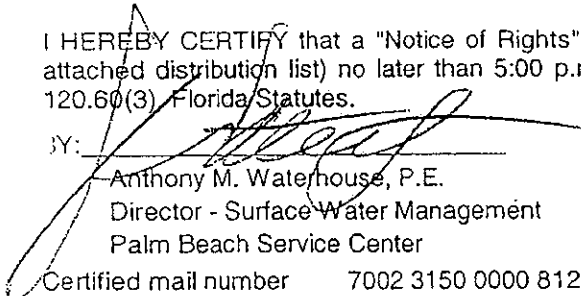
1. Not receiving a filed request for a Chapter 120, Florida Statutes, administrative hearing.
2. the attached 19 General Conditions (See Pages : 2 - 4 of 6).
3. the attached 15 Special Conditions (See Pages : 5 - 6 of 6) and
4. the attached 2.11 Exhibit(s).

Should you object to these conditions, please refer to the attached "Notice of Rights" which addresses the procedures to be followed if you desire a public hearing or other review of the proposed agency action. Please contact this office if you have any questions concerning this matter. If we do not hear from you in accordance with the "Notice of Rights," we will assume that you concur with the District's action.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a "Notice of Rights" has been mailed to the Permittee (and the persons listed in the attached distribution list) no later than 5:00 p.m. on this 22nd day of August, 2005, in accordance with Section 120.60(3) Florida Statutes.

BY:



Anthony M. Waterhouse, P.E.
Director - Surface Water Management
Palm Beach Service Center

Certified mail number 7002 3150 0000 8126 6922



**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
 ENVIRONMENTAL RESOURCE
 STANDARD GENERAL PERMIT NO. 50-07067-P
 DATE ISSUED: September 25, 2006**

Phase 2

Form #0941
08/95

PERMITTEE: CS CAPITAL, LLC
 5281 PRINCETON WAY
 BOCA RATON, FL 33496

SC FUNDING, LLC
 5281 PRINCETON WAY
 BOCA RATON, FL 33496

PROJECT DESCRIPTION: Modification of a surface water management system to serve a 4.85 acre residential development known as Gramercy Square Phase 2.

PROJECT LOCATION: PALM BEACH COUNTY, SEC 14 TWP 46S RGE 42E

PERMIT DURATION: See Special Condition No:1. See attached Rule 40E-4.321, Florida Administrative Code.

This is to notify you of the District's agency action concerning Notice of Intent for Permit Application No. 060627-22, dated June 27, 2006. This action is taken pursuant to Rule 40E-1.603 and Chapter 40E-40, Florida Administrative Code (F.A.C.).

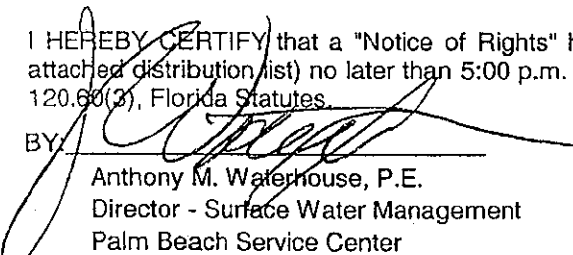
Based on the information provided, District rules have been adhered to and an Environmental Resource General Permit is in effect for this project subject to:

1. Not receiving a filed request for a Chapter 120, Florida Statutes, administrative hearing.
2. the attached 19 General Conditions (See Pages : 2 - 4 of 5),
3. the attached 14 Special Conditions (See Pages : 5 - 5 of 5) and
4. the attached 2.5 Exhibit(s)

Should you object to these conditions, please refer to the attached "Notice of Rights" which addresses the procedures to be followed if you desire a public hearing or other review of the proposed agency action. Please contact this office if you have any questions concerning this matter. If we do not hear from you in accordance with the "Notice of Rights," we will assume that you concur with the District's action.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a "Notice of Rights" has been mailed to the Permittee (and the persons listed in the attached distribution list) no later than 5:00 p.m. on this 25th day of September, 2006, in accordance with Section 120.60(3), Florida Statutes.

BY: 
 Anthony M. Waterhouse, P.E.
 Director - Surface Water Management
 Palm Beach Service Center

Certified mail number 7002 3150 0000 8127 0233

EXHIBIT "C"
ARTICLES AND BY-LAWS

[ATTACHED]

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of GRAMERCY SQUARE HOMEOWNERS' ASSOCIATION, INC., a Florida corporation, filed on May 9, 2007, as shown by the records of this office.

I further certify the document was electronically received under FAX audit number H07000127931. This certificate is issued in accordance with section 15.16, Florida Statutes, and authenticated by the code noted below

The document number of this corporation is N07000004678.

Authentication Code: 407A00032816-051007-N07000004678-1/1

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Tenth day of May, 2007



Kurt S. Browning
Secretary of State

**ARTICLES OF INCORPORATION
OF
GRAMERCY SQUARE HOMEOWNERS' ASSOCIATION, INC.
a not for profit corporation**

The undersigned, a natural person competent to contract, does hereby make, subscribe, and file these Articles of Incorporation for the purpose of forming a not for profit corporation, pursuant to chapter 617 of the Florida Statutes.

**ARTICLE I
NAME**

The name of the Corporation shall be GRAMERCY SQUARE HOMEOWNERS' ASSOCIATION, INC.

**ARTICLE II
PRINCIPAL OFFICE AND MAILING ADDRESS**

The principal office and mailing address of the Corporation is 14406 Military Trail, Delray Beach, FL 33484.

**ARTICLE III
NATURE OF CORPORATE BUSINESS AND POWERS**

The general nature of the business to be transacted by this Corporation shall be to oversee a community involved project and any and all other lawful business permitted under the laws of the United States and the State of Florida.

**ARTICLE IV
TERM**

This Corporation shall have perpetual existence.

**ARTICLE V
REGISTERED AGENT**

The Registered Agent and the street address of the initial Registered Office of this Corporation in the State of Florida shall be: David Ettinger, 14406 Military Trail, Delray Beach, FL 33484.

**ARTICLE VI
BOARD OF DIRECTORS**

This Corporation shall have three (3) Directors initially:

Scott Worley	14406 Military Trail, Delray Beach, FL 33484
David Ettinger	14406 Military Trail, Delray Beach, FL 33484
Thomas Keys	14406 Military Trail, Delray Beach, FL 33484

**ARTICLE VII
ELECTION OF DIRECTORS**

The election of Directors will be governed by the relevant By-law provision.

**ARTICLE VIII
REMOVAL OF DIRECTORS**

The removal of Directors will be governed by the relevant By-law provision.

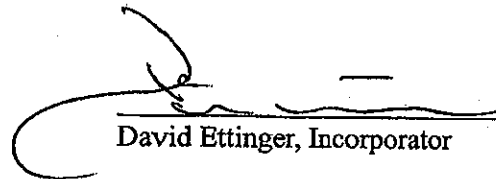
**ARTICLE IV
INCORPORATOR**

The name and street address of the person signing these Articles of Incorporation is David Ettinger, 14406 Military Trail, Delray Beach, FL 33484.

ARTICLE X

This Corporation may indemnify any director, officer, employee or agent of the Corporation to the fullest extent permitted by Florida law.

9th IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation this
day of May, 2007.


David Ettinger, Incorporator

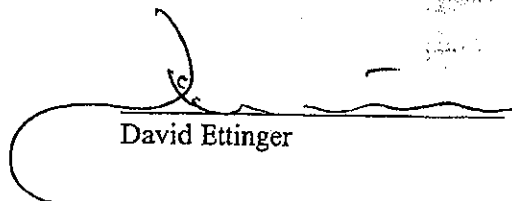
**CERTIFICATE DESIGNATING REGISTERED AGENT
AND OFFICE FOR SERVICE OF PROCESS**

GRAMERCY SQUARE HOMEOWNERS' ASSOCIATION, INC., a not for profit corporation existing under the laws of the State of Florida with its principal office and mailing address at 14406 Military Trail, Delray Beach, FL 33484, has named David Ettinger as its agent to accept service of process within the State of Florida.

ACCEPTANCE OF DESIGNATION AS REGISTERED AGENT

I hereby accept the appointment as the initial registered agent of GRAMERCY SQUARE HOMEOWNERS' ASSOCIATION, INC., a not for profit corporation, simultaneously with my being designated, as made in the foregoing Articles of Incorporation. I state that I am familiar with, and accept, the obligations of that position.

Date: MAY 9, 2007


David Ettinger

**BY-LAWS OF
GRAMERCY SQUARE HOMEOWNERS' ASSOCIATION, INC.**

These By-Laws constitute the code of rules adopted by GRAMERCY SQUARE HOMEOWNERS' ASSOCIATION, INC., a Florida corporation not for profit, for the regulation and management of its affairs.

**I
DEFINITIONS**

As used in these By-Laws, the following terms shall be construed to mean:

Section A. "Association" means and refers to the corporate entity organized by the Articles of Incorporation of this corporation and known as GRAMERCY SQUARE HOMEOWNERS' ASSOCIATION, INC.

Section B. "Class A Membership" means and refers to the same term as defined in the Declaration.

Section C. "Class B Membership" means and refers to the same term as defined in the Declaration.

Section D. "Declaration" means and refers to the Declaration of Conditions, Covenants, Easements and Restrictions for Gramercy Square which was or will be recorded among the Public Records of Palm Beach County, Florida.

Section E. "Developer" means and refers to the same term as defined in the Declaration.

Section F. "Entitled to Vote" means and refers to that Unit or Lot Owner who shall cast a vote for a Unit or Lot at an Association meeting. If more than one person or legal entity shall own any Unit or Lot, the Owners thereof shall determine among themselves who shall be the Member Entitled to Vote. Said determination shall be manifested upon a voting certificate, signed by all Owners of said Unit or Lot, and given to the Association Secretary for placement in the Association records. Notwithstanding anything contained herein to the contrary, all Unit or Lot Owners whether Entitled to Vote or not are assured of all other privileges, rights, and obligations of Association membership and shall be Members of the Association. In no event shall any mortgagee or other party holding any type of security interest in a Unit or Lot or the Residence constructed thereon be Entitled to Vote for purposes hereof, unless and until any of said parties obtain or receive fee simple title to such Unit or Lot.

Section G. "Unit or Lot" means and refers to those parcels of land to be shown upon the recorded Plat and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section H. "Member" means and refers to all those Owners who are Members of the Association as provided in the Articles of Incorporation of the Association.

Section I. "Owner" means and refers to the record owner, whether one or more persons or entities, of the fee simple title to any Unit or Lot situated upon the Property.

Section J. "Person" means and refers to any individual or legal entity.

Section K. "Plat" means and refers to that Plat or Plats which is or will be recorded in the Public Records of Palm Beach County, Florida, for all of the Property or portions of the Property, and such additional plats of real property recorded in the Public Records of Palm Beach County, Florida which may hereafter be brought within the Jurisdiction of the Association.

Section L. "Property" means and refers to the same term as defined in the Declaration.

Section M. "Residence" means and refers to the same term as defined in the Declaration.

II CORPORATE OFFICE

Section A. Name and Location. The name of the corporation is GRAMERCY SQUARE HOMEOWNERS' ASSOCIATION, INC. The principal office of the corporation shall be located at 14406 Military Trail, Delray Beach, FL 33484, and may be changed by the Board of Directors at any time, and meetings of Members and directors may be held at such places within the State of Florida, County of Palm Beach, as may be designated by the Board of Directors.

III MEETING OF MEMBERS

Section A. Annual Meetings. The first annual meeting of the Members shall be held one (1) year after the date the Articles of Incorporation of the Association are filed with the Secretary of State, State of Florida, at the hour of 7:30 p.m. In the event the day for the annual meeting of the Members is a Saturday, Sunday or legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section B. Special Meetings. Special meetings of the Members may be called at any time by the president or the Board of Directors.

Section C. Notice of Meetings. Written notice of each meeting of the Member shall be given by the Secretary, by mailing a copy of such notice, postage prepaid, at least ten (10) days, but not more than ninety (90) days, before such meeting to each Member, 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 of the meeting.

Section D. Quorum. The presence, physically or by proxy, at the meeting of one-third (1/3) of the Members Entitled to Vote shall constitute a quorum for any action, except as otherwise

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Filed May 9, 2007

provided (1) in the Articles of Incorporation or (2) in the Declaration. If, however, such quorum shall not be present or represented at any meeting, the Members Entitled to Vote shall have the power to adjourn the meeting from time to time, without notice, other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section E. Proxies. At all meetings of the Members, each Member may vote in person or by proxy. All proxies must be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit or Lot.

IV BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section A. Number. This Association will be managed by the three (3) initial Persons serving on the Board of Directors. The number of directors may be changed by resolution adopted by the Board of Directors; provided, however, that the number of directors shall not be decreased to less than three (3). The affairs of this Association shall be managed by a Board of Directors, who need not be Members of the Association, if they represent Class B Members.

Upon a vote of the shareholders, the directors may be divided into one, two or three classes with the number of directors in each class being as nearly equal as possible; the term of office of those of the first class to expire at the annual meeting next ensuing; of the second class one year thereafter; at the third class two years thereafter; and at each annual election held after such classification and election, directors shall be chosen for a full term, as the case may be, to succeed those whose terms expire. If the directors have staggered terms, then any increase or decrease in the number of directors shall be so apportioned among the classes as to make all classes as nearly equal in number as possible.

Section B. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association, except for directors which are appointed by the Developer, who may only be removed by the Developer, accomplished by written notice of such removal delivered to the Secretary of the Association. In the event of death, resignation, incapacity, or 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 C. Compensation. No director shall receive compensation for any service that he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section D. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

V

NOMINATION AND ELECTION OF DIRECTORS

Section A. Nomination. At the annual meeting, any Member may nominate a Person to serve on the Board of Directors.

Section B. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The Persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section C. Developer's Directors. Notwithstanding anything herein to the contrary, so long as Developer or its successor or assignee is the Class B Member, the Developer shall have the right to appoint, reappoint, remove and replace the members of the Board of Directors of the Association at such time and from time to time as may be desired by the Developer, in the sole and absolute discretion of the Developer, upon written notice to the Secretary of the Association.

VI MEETING OF DIRECTORS

Section A. Regular Meetings. The annual meeting of the Board of Directors shall be held without notice immediately following the annual meeting of the Members at the same place as may be fixed for the annual meeting of the Members.

Section B. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two (2) directors, after not less than five (5) days' written notice to each director at his address as shown upon the records of the Association.

Section C. 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.

VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

1. assess a Unit or Lot Owner for improvement, maintenance and repairs upon the Unit or Lot Owner's Unit or Lot as provided In the Declaration;
2. 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 or take such other action or actions against any member as may be provided in the Declaration for any violation of any of the terms thereof, the Articles of Incorporation or these By-Laws;

3. exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provision of the By-Laws, the Articles of Incorporation, or the Declaration;

4. 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 meetings of the Board of Directors;

5. place a lien on a Unit or Lot for nonpayment of an assessment, as provided in the Declaration; and

6. employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

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

1. cause to be kept a complete record of all its acts and corporate affairs and to present statements thereof to the Members at: (a) the annual meeting of the Members, or (b) any special meeting of the Members;

2. supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

3. as more fully provided in the Declaration, to:

a. fix the amount of any assessment against each Unit or Lot as provided in the Declaration

b. send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of the payment due date; and

c. foreclose the lien against any property for which assessments are not paid or to bring an action at law against the owner personally obligated to pay the same.

4. issue, or to cause an appropriate officer to issue upon demand by any Persons, 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;

5. procure and maintain adequate liability and hazard insurance on any property owned by the Association;

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

7. cause the Common Area and the Units or Lots to be maintained in the manner set forth in the Declaration.

VIII OFFICERS AND THEIR DUTIES

Section A. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be directors of the Association, a secretary, and a treasurer.

Section B. Election of Officers. The election of officers shall take place at the meeting of the Board of Directors immediately following each annual meeting of the Members.

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

Section D. 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 receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

Section F. Multiple Offices. No officer shall simultaneously hold more than one (1) of any of the other offices. Any Person may hold any two (2) offices simultaneously, except President and any other office.

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

President

The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all legal documents; and co-sign all checks and promissory notes.

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.

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 the 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.

Treasurer

The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget, including a statement of income and expenditures to be presented to the membership at its regular annual meeting.

IX COMMITTEES

In addition, the Board of Directors shall appoint the ARB as provided In the Declaration and such other committees as It deems appropriate in carrying out its purpose and that of the corporation.

X BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

XI CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: GRAMERCY SQUARE HOMEOWNERS' ASSOCIATION, INC., the words Florida and Not For Profit Corporation., and the year of incorporation.

XII MISCELLANEOUS

Section A. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

XIII
AMENDMENTS AND ADMINISTRATIVE PROVISIONS

Section A. Amendment of the By-Laws. These By-Laws may be amended (1) by majority action of Board of Directors at a regular or special meeting thereof or by an action taken without a meeting, or (2) by a vote of a majority of a quorum of Members who are present physically or by proxy at a regular or special meeting of the Members. The Federal Housing Administration (FHA) and the Veteran's Administration (VA) have the right to veto any amendment hereto while there is a Class B Membership, if financing therefrom is obtained for the purchase of Lots or Units.

Section B. Conflicts. 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.

Section C. Construction in Accordance with Law. These By-Laws will be construed in accordance with the laws of the State of Florida.

Section D. Headings. The headings used for each Article and Section in these By-Laws are used for administrative purposes only and do not constitute substantive matter to be considered in construing the terms of these By-Laws.

Section E. Number and Gender. Wherever the context shall so require, all words in any gender will be deemed to include all genders. All words in the singular will include the plural, and all words in the plural will include the singular.

Section F. Severability. In case any one or more of the provisions contained in these By-Laws shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and these By-Laws shall be construed, as if such invalid, illegal, or unenforceable provision had never been contained herein.



STATE OF FLORIDA - PALM BEACH COUNTY

I hereby certify that the foregoing is a true copy of the record in my office.

THIS 20th DAY OF May, 2007

SHARON R. BOOK
CLERK & COMPTROLLER

By [Signature]
DEPUTY CLERK