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PREPARED BY AND RETURN TO:

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Suite 201
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**FIRST AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
PALADIN PLACE II**

**THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR PALADIN PLACE II** is made and entered into this 26th day of September, 2006, by **Atlantic Coast Construction and Development, Inc.**, a Florida corporation (the "Developer").

WHEREAS, the Developer made, declared and established the Declaration of Covenants, Conditions and Restrictions for Paladin Place II (herein "Declaration") on August 9, 2006 and recorded said Declaration on August 9, 2006 in Official Records Book 2065, Page 2045, of the Public Records of Indian River County, Florida; and

WHEREAS, the Developer is desirous of amending certain provisions of the Declaration; and

WHEREAS, there have been no transfers of any interests in any of the real property which comprises the property governed by the Declaration.

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the Developer does hereby amend the Declaration of Covenants, Conditions and Restrictions for Paladin Place II as follows:

1. The above recitals are true and correct.
2. Due to an error in the legal description, Exhibit "A" of the Declaration is hereby replaced with the attached Exhibit "A".
3. Article I, Section 16, is restated in its entirety as follows:

Section 16. "Institutional Mortgagee" shall mean: (a) a lending institution having a first mortgage lien upon a portion of the Property including, without limitation, any of the following institutions: a Federal or State savings and loan or building and loan association, a national or state savings, commercial or other bank, or real estate investment trust, or mortgage banking company, or mortgage company, or a life insurance company, or a private or public

pension fund, a credit union, real estate or mortgage investment trust, or any other lending or investing institution generally and customarily recognized as being engaged in the ordinary course of its business, in making, holding, insuring or guaranteeing first lien priority real estate mortgage loans; or (b) any agency of the United States Government, the Federal National Mortgage Association, Government National Mortgage Association, federal Home Loan Mortgage Corporation, Federal Housing Administration and Veterans Administration and other secondary mortgage market institutions which have acquired a first mortgage upon a portion of the Property; or (c) any and all investors or lenders, or the successors and assigns of such investors or lenders, which have loaned money to the Developer to acquire or construct improvements upon the Property and who have a mortgage lien on all or a portion of the Property securing such loan; or (d) the Developer, to the extent that the Developer shall hold a mortgage upon any portion of the Property, and all successors, assigns, assignees and transferees of the Developer who shall own or hold any mortgage upon the Property or any portion thereof which was originally executed and delivered to and owned and held by the Developer. A mortgage held by an Institutional Mortgagee shall be an "Institutional Mortgagee."

4. Article III, Section 2, is restated in its entirety as follows:

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

CLASS A: Class "A" Members shall be all Owners with the exception of the Developer and shall be entitled to one vote for each Lot, Home or Townhome owned. When more than one person holds an interest in any Lot, Home or Townhome, all such persons shall be Members. The vote for such Lot, Home or Townhome shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot, Home or Townhome.

CLASS B: Class "B" Member(s) shall be the Developer as defined in this Declaration, and shall be entitled to sixty three (63) votes. The Class "B" membership shall cease and be converted to Class "A" membership on the happening of any of the following events, whichever occurs earlier:

- (a) Turnover, as such term is defined herein;
- (b) such earlier date as the Developer may determine; or
- (c) such earlier date as required by Florida law.

5. Article V, Section 7, subparagraph (a) is restated in its entirety as follows:

(a) **Capital Improvements.** In addition to the annual assessments and special assessments for Common Expenses authorized above, the Association, through a two-thirds (2/3) vote of its Board, may levy a special assessment against an Owner(s) for the purpose of: (i) defraying, in whole or in part, the cost of any construction, reconstruction, repaving, repair or replacement of a capital improvement upon the Common Open Space, including fixtures and personal property related thereto, if any; or (ii) the costs of work performed by the Association in

accordance with Article VI hereof. Any such Special Assessment shall be subject to all of the applicable provisions of this Article including, without limitation, lien filing and foreclosure proceedings and interest. Any Special Assessment levied hereunder shall be due and payable within the time specified by the Board in the action imposing such Assessment.

6. Article V, Section 9, is restated in its entirety as follows:

Section 9. Effect of Non-Payment of Assessment; Remedies of the Association; Enforcement Rights. Any assessment not paid within fifteen (15) days of the due date shall be subject to a late charge of Fifty And No/100 Dollars (\$50.00). Any assessment not paid within thirty (30) days of the due date shall, in addition to the late charge above, bear interest from the due date at the rate of 18% per annum. The Association may, at its election, bring an action at law against the Owner personally obligated to pay the same and/or foreclosure of the lien against the Lot and any improvements thereon. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Open Space or by abandonment of his Lot, Home, or Townhome.

In addition to such fines or penalties assessed by the Association, the Association shall also have the right to impose a fine not to exceed One Hundred Dollars (\$100.00) per violation against any Owner, tenant, guest or invitee. A fine may be levied on the basis of each day of a continuing violation, with a single notice and opportunity for hearing, except that no such fine shall exceed One Thousand Dollars (\$1,000.00) in the aggregate. In addition, the Association shall have such other rights as are authorized and allowed by Florida Statute.

The rights of the Association described in this Section shall not be construed as a limitation of the rights of the Developer or any Owner to prosecute proceedings at law or in equity for the recovery of damages against persons violating or attempting to violate this Declaration or for the purpose of preventing or enjoining any violations or attempted violations. The remedies contained in this paragraph shall be construed as cumulative of all other remedies provided at law or in equity. The failure of the Association to enforce this Declaration, however long continuing, shall not be a waiver of the right to enforce this Declaration at a later time.

7. Article XV, Section 7, is restated in its entirety as follows:

Section 7. Antennas. No exterior television or radio antennas, aerials or satellite dishes of any kind shall be placed, allowed, or maintained upon any portion of the Property, including any Lot, except as provided herein. Specifically, a Member shall be entitled to place or maintain a satellite dish, the diameter of which shall not exceed one (1) meter (or such greater diameter as required by applicable federal and state law), at the rear of the house so long as said satellite dish is not visible from any private roadway or Common Area located within the Subdivision, unless approved by the Committee. However, the Developer and/or the Association, or any party with whom they may contract, may erect an antenna, aerial, satellite dish or other apparatus for a master antenna, cable system, or controlled access system on such portion of the Property as the Developer or Association may designate for such use.

8. Article XV, Section 21, is restated in its entirety as follows:

Section 21. Building Setbacks. Improvements on each Lot shall be confined within the building setbacks established by applicable law which should be on file with the Committee. The Committee may modify the building setbacks of a Lot as long as such modification is consistent with applicable law and so requested by the Owner of that Lot if, in the sole opinion of the Developer (until Turnover, and thereafter, the Committee), it is necessary to make such modifications.

9. Article XVIII, Section 8, is restated in its entirety as follows:

Section 8. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by the lesser of eighty percent (80%) of all the votes entitled to be cast by all of the Voting Members or such lesser amount as required by applicable provisions of the Florida Statutes. This Section shall not apply, however, to: (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided in Article V hereof; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Developer or is approved by the percentage votes, and pursuant to the same procedures necessary to institute proceedings as provided above.

10. The following is added to the Declaration as a new Article:

ARTICLE XXIII
CONDEMNATION

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on behalf of the Association, after obtaining the approval of Owners holding a majority of the votes in the Association) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as trustee for all Owners, to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Developer shall otherwise determine, if prior to Turnover, or seventy-five percent (75%) of the Board of Directors shall otherwise determine, if subsequent to Turnover, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Committee and Board of Directors of the Association. If such improvements are to be repaired or restored, the provisions regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any

such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

11. Except as expressly amended and modified herein, all of the remaining terms, covenants, conditions and obligations of the original Declaration including all the exhibits thereto shall remain in full force and effect. The parties below hereby confirm and ratify the Declaration as recorded in Official Records Book 2065, Page 2045, of the Public Records of Indian River County, Florida, as herein amended.

IN WITNESS WHEREOF, Atlantic Coast Construction and Development, Inc. has executed this Amendment this 26th day of September, 2006.

Witnesses:

"Developer"

Atlantic Coast Construction and Development, Inc., a Florida corporation

By: [Signature]
Joseph Paladin, President

(Corporate seal)

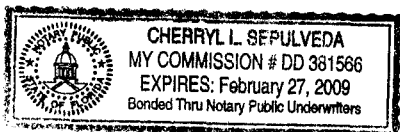
[Signature]
Scott Krasny
[Signature]
Cherryl Sepulveda

STATE OF FLORIDA
COUNTY OF BREVARD

The foregoing instrument was acknowledged before me this 26th day of September, 2006, by Joseph Paladin, President of Atlantic Coast Construction and Development, Inc., a Florida corporation, who is [] personally known to me or [] produced _____ as identification.

[Signature]
Notary Public Cherryl Sepulveda

My Commission Expires:



THE EAST 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 32, TOWNSHIP 31 SOUTH, RANGE 39 EAST, ACCORDING TO THE LAST GENERAL PLAT OF THE INDIAN RIVER FARMS COMPANY FILED IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF ST. LUCIE COUNTY, SAID PROPERTY NOW LYING AND BEING IN INDIAN RIVER COUNTY, FLORIDA.

ALSO REFERRED TO AS:

A PARCEL OF LAND LYING IN SECTION 32, TOWNSHIP 31 SOUTH, RANGE 39 EAST, INDIAN RIVER COUNTY, FLORIDA, SAID PARCEL IS DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHEAST CORNER OF SAID SECTION 32; THENCE N89°31'02"W, ALONG THE NORTH LINE OF SAID SECTION 32, A DISTANCE OF 1,334.61 FEET, TO THE EAST 1/4-1/4 SECTION LINE OF SAID SECTION 32; THENCE S00°59'49"W, ALONG SAID EAST 1/4-1/4 SECTION LINE, A DISTANCE OF 55.00 FEET TO THE SOUTH RIGHT-OF-WAY LINE OF THE INDIAN RIVER FARMS WATER CONTROL DISTRICT SUB-LATERAL G-8 CANAL, AND THE POINT OF BEGINNING.

THENCE CONTINUE S00°59'49"W, ALONG SAID EAST 1/4-1/4 SECTION LINE, A DISTANCE OF 1,264.04 FEET, TO THE NORTH 1/4-1/4 SECTION LINE OF SAID SECTION 32; THENCE N89°37'50"W, ALONG SAID NORTH 1/4-1/4 SECTION LINE, A DISTANCE OF 666.33 FEET, TO THE WEST LINE OF THE EAST 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 32; THENCE N00°57'15"E, ALONG SAID WEST LINE, A DISTANCE OF 1,265.35 FEET, TO THE AFORESAID SOUTH RIGHT-OF-WAY LINE OF THE INDIAN RIVER FARMS WATER CONTROL DISTRICT SUB-LATERAL G-8 CANAL; THENCE S89°31'02"E, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 667.25 FEET, TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS 19.3585 ACRES, MORE OR LESS.

EXHIBIT A