

SCHEDULE "A"

OR BOOK 02370 PAGE 0197

Agreement

Central Water and Sewer System

This Agreement is entered into by and between Meadows of Astatula Homeowners Association, Inc. (the "Association"), and Double MM Development, LLLP, a Florida limited liability limited partnership ("Developer").

Recitals

Whereas, Developer is the developer of a multi-phase residential development in Lake County, Florida, known as the "Meadows" (the "subdivision").

Whereas, the Association is a non-profit corporation formed to promote the health, safety and general welfare of the residents of the subdivision.

Whereas, the Association requested and Developer has agreed to construct (i) potable water well, treatment and distribution system, and (ii) sewer and affluent treatment and distribution system, which includes, but not limited to, constructing the water and sewer distribution system, and water wells and treatment plant (collectively hereinafter referred to as the "system") for the specific purpose of providing water and sewer services to the individual lots within the subdivision. The well, pump, machinery to operate the well and pump, and storage tank are located in the common area of the subdivision currently owned by Developer. Developer expects to incur cost of not less \$375,000.00 in the acquisition of the existing system serving the subdivision, and construction, expansion and upgrading of the system, which cost include, but are not limited to, constructing water and sewer distribution system, constructing water wells and treatment plants, engineering cost, survey cost, application and permitting fees, legal fees, and such other direct and incidental cost incurred in order to construct the system ("construction cost").

Therefore, in consideration of the mutual recitals stated above and obligations of the parties hereinafter set forth, and other good and valuable consideration, the receipt of which is hereby acknowledged, Developer and the Association agree as follows:

1. Developer agrees to acquire the existing system serving the subdivision, and construct, expand and upgrade the system for the specific purpose of providing water and sewer services to the individual lots within the subdivision.
2. Association will own and operate the system for the specific purpose of providing water and sewer services to the individual lots within the subdivision. The system will be the exclusive water and sewer system utilized to provide such services to the individual lots within the subdivision.
3. Association will reimburse Developer for all construction cost incurred by Developer regarding the acquisition of the system, and any improvements or expansions thereof hereafter, with interest from the date of this Agreement in lawful money of the United States of America, on the dates and in the manner hereinafter provided. The interest rate is a fixed rate of six percent (6.0%) per annum. Interest shall be calculated on the basis of a 360 day year for actual days elapsed. The construction cost plus interest must be paid in full by Association to Developer by no later than five (5) years from the date of this Agreement, unless extended by the mutual written agreement of the parties.

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4. Until such time as Developer has been reimbursed for the construction cost of the system ("termination date"), plus interest that has accrued thereon and any other cost and expenses recoverable hereunder, the Association hereby agrees to the following:

a. Charge an initial assessment and/or impact fee as established by Developer to each lot owner at the time of the initial purchase of the lot ("initial impact fee"). The initial impact fee may not be increased or decreased without the prior written consent of Developer. Further, a consumption and/or service charge sufficient to cover the cost of operating, monitoring and maintaining the system, and timely payment to Developer of such monies recoverable hereunder within the time provided, must be assessed to each lot owner ("minimum assessment"). The consumption and/or service charge for any lot will be payable by the respective lot owner on a monthly basis, unless agreed otherwise in writing by the parties. Each lot owner will be billed on a monthly basis for the prior month's consumption and/or service charge. The consumption and/or service charge shall be established by Developer on a periodic basis until such time as the turnover of the Association, at which point in time the Association will be responsible for establishing the consumption and/or service charge.

Should the Association charge an assessment for the use of the system that exceeds the minimum assessment, such monies that exceed the minimum assessment may only be utilized by the Association to build a reserve for repairs and maintenance to the system not to exceed \$30,000.00, and any monies that exceed that amount shall be paid to Developer and applied accordingly.

b. All monies received by Association, which monies are payable to Developer, must be paid to Developer within 30 days of Association's receipt thereof. If any payment hereunder (other than a final balloon payment) is not made within 30 days of Association's receipt thereof, Association shall pay to Developer a late charge equal to five percent (5%) of the late payment. Notwithstanding the imposition of the late charge, Developer reserves the right at any time prior to actual receipt of the late charge to declare a default hereunder. In the event of a default under this Agreement, past due payment charges not yet received remain due and payable. Unless applicable law provides otherwise, all payments received by Developer hereunder shall be applied: first, to late charges due hereunder; second, to payment of cost and fees recoverable by Developer hereunder; third, to interest due; and last, to principal (i.e. construction cost) due.

c. Pursue the timely collection of the initial impact fee and minimum assessment, and diligently and promptly exercise such rights of collection and lien privileges as provided under law and the terms of the Declaration of Easements, Covenants, Conditions, and Restrictions of the Meadows, as recorded in the Public Records of Lake County, Florida, as thereafter amended ("Declaration of Restrictions"). Developer will be entitled to recover any and all interest collected by the Association on any delinquent payment of the initial impact fee or minimum assessment, at which point Developer forfeits any right to the late payment penalty provided in subparagraph 4b above. The interest will be treated and applied as a late charge hereunder.

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d. Effect the timely monitoring, repair and maintenance of the system to ensure that each lot owner utilizing the system is provided continued and uninterrupted services for the specific purposes outlined herein. In addition, Association will be responsible for monitoring the consumption of water by the individual lot owners, and over-all consumption and use of the system. Further, Association will be responsible for the timely billing of lot owners with regard to the collection of consumption and/or service charges and assessments.

e. The Association will not permit, commit, or suffer any waste, impairment or deterioration of the system or any part thereof, and will keep the same and improvements thereto in good condition and repair. The Association will notify Developer in writing within five (5) days of any damage or impairment to the system. Developer may, at Developer's discretion, have the system inspected at any time.

f. Incur such additional construction and capital improvement costs to ensure the availability of the system to each lot and common areas comprising the subdivision. Further, the Association will be liable for the cost of any and all governmental permits and fees associated with the operation of the system.

g. The Association will keep the system and the improvements now existing or hereafter made to the system insured as may be required from time to time by Developer against loss by fire, other hazards and contingencies in such amounts and for such periods as may be reasonably required by Developer. The Association will pay promptly, when due, any premiums on such insurance. All insurance shall be carried with companies approved by Developer, which approval will not be unreasonably withheld, and the policy and renewals thereof will be held by Developer and have attached thereto loss payable clauses in favor and in form acceptable to Developer. If Association fails to make secure such insurance in accordance with the terms above, Developer may but shall not be required to secure such insurance and the reasonable expense of same shall be due to Developer on demand.

In the event of loss, the Association will give immediate notice by mail to Developer and Developer may make proof of loss if not made promptly by the Association. Each insurance company concerned is hereby authorized and directed to make payments for such loss jointly to the Association and Developer. Insurance proceeds will be applied to the restoration or repair of the system. Developer is hereby authorized, at its option, to settle and compromise any claims, awards, damages, rights of action and proceeds, and any other payment or relief under any insurance policy.

h. The Association will comply with any and all local, state and federal regulations governing the use and operation of the system.

5. In the event the Association fails to pay or discharge the taxes, assessments, levies, liabilities, obligations and encumbrances, or fails to keep the system insured, premiums paid, or fails to repair the system as herein agreed, Developer may at its option pay or discharge the taxes, assessments, levies, liabilities and obligations and encumbrances or any part thereof, to produce and pay for such insurance or to access the system to make repairs and pay for such repairs.

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Developer will have no obligation on its part to determine the validity or necessity of any payment thereof and any such payment will not waive or affect any option, lien equity or right of Developer under or by virtue of this Agreement. The full amount of each and every such payment shall be immediately due and payable and will bear interest from the date thereof until paid at the highest legal rate, and together with such interest, shall be secured by a lien on the system.

Association hereby appoints Developer as its true and lawful attorney-in-fact, irrevocably, with full power of substitution to do the following: (a) to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing, or payable from the system; (b) to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment for the use of the system; (c) to settle or compromise any and all claims arising under the system, and, in the place and stead of Association, to execute and deliver its release and settlement for the claim; and (d) to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Association, or otherwise, which in the discretion of Developer may seem to be necessary or advisable. This power is given as security for repayment hereunder, and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Developer.

Nothing herein contained will be construed as requiring Developer to advance or expend monies or take any action for any of the purposes mentioned in this paragraph 5.

6. Association hereby grants Developer the right to access the system, and all records, licenses and applications regarding the installation and operation of the system during normal business hours during the term of this Agreement to inspect the same and ensure compliance with this Agreement. Further, the Association hereby agrees to indemnify and hold harmless Developer from and against any loss, damage, liability, injury, claim, demand, costs and expense (including legal expenses) by or on behalf of any person or entity, including but not limited to the Association connected with either (i) the Association's use or operation of the system, (ii) the failure of the Association to perform any of the terms or conditions of this Agreement, (iii) any injury or damage occurring on or about the system or property on which the system is located, (iv) failure to comply with any law, rule or regulation of any governmental authority, (v) any construction lien or security interest filed against the system or the property on which the system is located, or (vi) any negligent or willful act or omission by the Association, or any of its agents, contractors, servants, employees, licensees, customers, or invitee, or (vii) injury to or death of any person (including without limitation, the public) or loss or damage to any property.

7. Developer hereby conveys all right, title and interest in the system to the Association. Developer conveys free and unencumbered right, title and interest in the system.

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8. Any one of the following will constitute an event of default:
- a. Failure by the Association to pay, as and when due and payable, any amounts to be paid under this Agreement.
 - b. Failure by the Association to duly keep, perform and observe any other covenant, condition or obligation in this Agreement for a period of ten (10) days after Developer gives written notice specifying the breach.

Upon an event of default, Developer may proceed by suit or suits at law or in equity or by any other appropriate proceedings or remedy to: (a) enforce payment under this Agreement or the performance of any term hereof or any other right; (b) collect all applicable assessments and other benefits from the system; (c) appoint a receiver to enter upon and take possession of the system and to collect assessments, revenue, income, and other benefits thereof and apply the same as a court may direct and such receiver will have all rights and powers permitted under law; and (d) pursue the specific performance under this Agreement, and any other remedy available to it.

9. While this Agreement remains in effect, Association shall not be entitled to dedicate or transfer all or any part of the system to any municipality, public agency, authority, public utility or private utility without the prior written consent of Developer. Any dedication or transfer of all or any part of the system in violation of this provision shall be deemed void.

10. The Association will be responsible for and shall pay any and all attorney's fees incurred by Developer arising out of the enforcement of this Agreement, whether or not litigation is brought, or arising from the enforcement of any rights and remedies afforded Developer by law or the terms of this Agreement.

11. Developer's election or waiver to neither enforce nor exercise any rights hereunder will not be construed or deemed to be a continuing waiver.

12. Developer's rights and remedies under this Agreement will be cumulative. Developer's exercising of any right or remedy will neither exclude nor waive any other right or remedy provided in this Agreement.

13. In the event any section of this Agreement will be held to be invalid, all remaining provisions will remain in full force and effect.

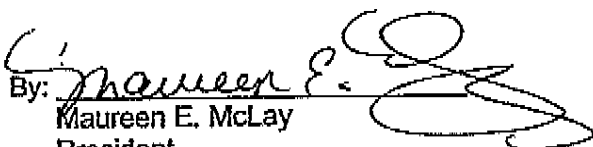
14. This Agreement will inure to the benefit of the Association and its members, and Developer and its successors and assigns.

15. The Association hereby represents that the Declaration of Restrictions have been or will be amended to impart the authority on the Association to levy a minimum assessment to fulfill its obligations hereunder, and thereafter continue to operate, use, maintain, monitor and repair the system.

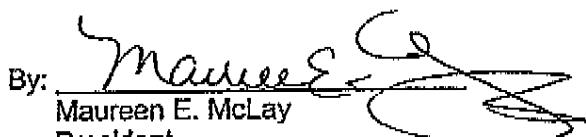
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Wherefore, the parties through their duly authorized representatives have entered into this Agreement effective May 9, 2003.

**Association: Meadows of Astatula
Homeowners Association, Inc.**

By: 
Maureen E. McLay
President

**Developer: Double MM Development, LLLP
By: Double MM Management Corporation**

By: 
Maureen E. McLay
President