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DECLARATION OF COVENANTS AND RESTRICTIONS

AND

NOTICE OF PROVISIONS OF

FLAGLER FAIRCHILD OAKS

HOMEOWNERS ASSOCIATION, INC

THIS DECLARATION, made on the date hereinafter set forth by FLAGLER FAIRCHILD OAKS, INC., a Florida corporation, (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner in fee simple of the real property described in Exhibit "A" attached hereto and hereto and made a part hereof ("Total Property") and intends to develop same, and as developed committed to land use hereunder, as part of a Planned Unit Development to be known as Fairchild Oaks; and

WHEREAS, Declarant desires to provide values and amenities of Fairchild Oaks as are hereby or as may be hereafter established; and

WHEREAS, Declarant desires to provide a method whereby portions of the Total Property may become committed to the provisions of this Declaration (such portions of the Total Property to be hereafter referred to as "committed Property"; and

WHEREAS, Declarant has caused the Total Property as defined above to be platted as Fairchild Oaks, which plat contains 112 lots.

WHEREAS, in order to serve the needs of proper development and to provide for the effective administration of the common areas in the development, it is necessary to impose covenants and restrictions and to grant easements; and

WHEREAS, the Declarant has cause to be incorporated Flagler Fairchild Oaks Homeowners' Association, Inc., a non-profit Florida corporation, which has been formed to manage the common areas, collect assessments, provide architectural control and to generally provide for the orderly enjoyment of the development.

NOW, THEREFORE, this Declaration is made, filed and recorded by the Declarant and from the effective date hereof, the real property described in Exhibit "A" is, and shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the restrictions, conditions, easements, assessments, affirmative obligations, and liens (all hereinafter sometimes referred to as the "Covenants") hereinafter set forth. This Declaration shall become effective on the date it is recorded in the Public Records of Flagler County, Florida .

ARTICLE I

DEFINITIONS

The following words and terms when used in this Declaration and any supplemental Declaration shall have the following meanings, unless the context shall clearly indicate otherwise:

Section 1.1. "Architectural Review Committee" or "Committee" shall mean a committee initially appointed by the Declarant and subsequent to turnover by the Board, in accordance with Article VI for the purpose of review and approval or disapproval of plans for improvements within the subdivision and other duties.

Section 1.2. "Association" shall mean the Flagler Fairchild Oaks Homeowners' Association, Inc., a Florida corporation not for profit, and its successors and assigns, the membership of which will be all record owners of "lots" in Fairchild Oaks, filed for record in Flagler County.

Section 1.3. "Board" shall mean the Board of Directors of the Association .

Section 1.4. "Building" shall mean any structure having a roof supported by columns or walls for the housing or enclosure of persons or chattels.

Section 1.5. "Common Areas" shall mean all real property, defined as common area on the subdivision plat of Fairchild Oaks, (including any improvements thereto) owned by the Association for the common use and enjoyment of the owners, including, but not limited to, stormwater management areas, jurisdictional wetlands, and upland buffers.

Section 1.6. "Committed Property" means those portions of the Total Property which become committed to the land use provisions and other benefits, burdens, restrictions, covenants and provisions contained in this Declaration by the method outlined in Section 2.2 herein.

Section 1.7. "Declarant" shall mean Flagler Fairchild Oaks, Inc., a Florida corporation and its successors and assigns. A successor or assignee shall become Declarant only if the instrument by which successor or assignee assumes the interest of interest of Flagler Fairchild Oaks, Inc., a Florida corporation, in this development expressly provides that such successor or assignee shall become Declarant hereunder. A builder, contractor, or other person which purchases one or more lots for the purpose of constructing homes shall not be deemed to be a "Declarant".

Section 1.8. "Dwelling Unit" means any residential dwelling unit intended as an abode for one family constructed on Committed Property.

Section 1.9. "Family" shall mean one or more persons related by blood, adoption or marriage living and cooking together as a single housekeeping unit, exclusive of household servants. Two (2) persons living and cooking together as a single housekeeping unit though not related by blood, adoption or marriage shall be deemed to constitute a family for purposes of this Declaration.

Section 1.10. "Lot" shall mean and refer to any plot or parcel of land shown upon any recorded plat of Committed Property with the exception of the common areas.

Section 1.11. "Member" shall mean a member of the Association which shall include all lot owners. Membership in the Association and attendant voting rights automatically vest upon acquiring fee ownership of a lot and terminate upon transfer of said ownership.

Section 1.12. "Occupant" shall mean the occupant of a lot who shall be either the owner or one who, to the exclusion of and with the permission of the owner, holds possession of the dwelling on the lot.

Section 1.13. "Owner" shall mean and refer to the record title holder, whether one or more persons or entities, of any "lot" which is part of the property.

Section 1.14. "Plat" means the instrument entitled Fairchild Oaks, as recorded in the Public Records of Flagler County, Florida.

Section 1.15. "Replat" means an instrument filed among the Public Records of the County in the manner required by law and executed by Developer or consented to by Developer by written instrument recorded among the Public Records of the County whereby a portion of the Total Property is described and is subdivided into lots, blocks, parcels or tracts.

Section 1.16. "Replat Declaration" means a document containing a declaration of covenants, restrictions and conditions and any supplements or amendments thereto which may be recorded among the Public Records of the County and either executed by Developer or consented to by Developer by written instrument recorded among the Public Records of the County with respect and applicable to a portion of Fairchild Oaks, which is included in a particular replat or replats or a portion thereof.

Section 1.17. "Structure" shall include, but is not limited to, dwelling, houses, homes, garages, shed, out-buildings, radio or television antennas, porches, balconies, patios, screen enclosures, swimming pools, fences, barbecue grills, recreation facilities such as basketball courts or goals, tennis courts, shuffleboard courts and other type courts and lawn decorative objects such as statues, bird baths, etc.

Section 1.18. "Uncommitted Property" means the portions of the Total Property other than Committed Property.

Section 1.19. "Institutional Mortgagee" means (a) any lending institution having a first mortgage lien upon a lot or dwelling unit including any of the following institutions: a federal or state savings and loan or building and loan association, or bank or real estate investment trust, or mortgage banking company doing business in the State of Florida; or (b) any "secondary mortgage market institution" including the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, and such other generally recognized institution which has acquired a first mortgage upon a lot or dwelling unit; (c) any pension or profit-sharing funds qualified under the Internal Revenue Code; or (d) any and all investing or lending institutions, or the successors and assigns of such lenders.

Section 1.20. "Surface Water or Stormwater 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.

ARTICLE II

PLAN FOR DEVELOPMENT OF FAIRCHILD OAKS

Section 2.1. Committed and Uncommitted Property. Developer has acquired and is the owner of the Total Property and intends to develop or cause to be developed thereon Fairchild Oaks in accordance with the applicable zoning regulations of the county. The Total Property is presently zoned as a Planned Unit Development (a "P.U.D.") which would permit one hundred and twelve (112) dwelling units. The actual boundaries for any portion of the Total Property will be set forth and determined only by the filing of a plat of the Total Property shown thereon. The commitment to boundary determination and commitment to use shall occur only upon same being specified in a plat or replat and in a supplement to or amendment of this Declaration, a replat declaration or an amended declaration. Developer reserves the right not to incorporate any Uncommitted Property as part of Fairchild Oaks and/or to make such use of all Uncommitted Property as shall be permitted by the applicable zoning regulations of the County. Hence, notwithstanding anything to the contrary herein contained in any of the Fairchild Oaks documents, only Committed Property shall be subject to the Fairchild Oaks documents.

Section 2.2. Committing Uncommitted Property. Declarant may from time to time determine to commit all or any part of the Total Property to the land use provisions and other benefits, burdens, restrictions, covenants and provisions contained in this Declaration. This determination shall be made in the sole discretion of Declarant. Such and each commitment of a portion of Uncommitted Property to this Declaration shall be made by filing a plat or replat of the property to be committed and by a recitation to that effect in a supplement or amendment to this Declaration, a replat declaration or in an amended declaration, which shall include a legal description of the portion of Uncommitted Property then becoming Committed Property. Upon the recording thereof, the portion of Uncommitted Property in question shall thereupon be Committed Property as fully as though originally designated herein as Committed Property. Should Declarant determine at any time that all or any part of the Total Property shall not become Committed Property, Declarant shall execute a statement ("Statement") to that effect containing a legal description of such property. Upon the recording of this Statement among the Public Records of the County, the property described therein shall no longer be Uncommitted Property and may be developed and/or used by

Developer for any purposes consistent with the applicable zoning regulations.

Section 2.3. Uses of Committed Property. All Committed Property shall be subject to the use limitations, restrictions and other provisions, if any, imposed thereon as may be set forth in this Declaration, a replat or a replat declaration. In addition to any other provisions thereof, the provisions of this Declaration, a replat or a replat declaration may restrict specified portions of Committed Property to those uses provided in "Fairchild Oaks - Final Development Plan" adopted by the Declarant.

ARTICLE III PROPERTY RIGHTS - COMMON AREAS

Section 3.1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and easement of enjoyment to the common areas and in and to the access easements thereto which are hereby declared to be subject to a perpetual non-exclusive easement in favor of all of the owners of lots lying within Committed Property as herein defined, which rights shall be appurtenant to and shall pass with the title every lot, subject to the following superior rights:

(a) The right as provided in this Declaration and its Exhibits to suspend the voting rights and the right and the right to use of any common areas except dedicated streets and to recreational facilities by an owner for any period during which any assessment against the owner's lot remains unpaid; and for a period not to exceed sixty (60) days for any violation of this Declaration or of its Exhibits or any infraction of the Association's published Rules and Regulations.

(b) The right of the Association to grant permits, licenses and easements over the common areas for utilities, roads and other purposes necessary or useful for the proper operation of the subdivision.

Section 3.2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment in the common areas and facilities to the members of his family, his tenants, or contract purchasers who reside upon such owner's lot.

Section 3.3. Obligations for Compliance. By accepting an instrument of conveyance or by taking possession or occupancy of a dwelling unit or lot, each such person does agree to abide by and comply with this Declaration and its Exhibits and with all Rules and Regulations promulgated by the Association now in effect or which may hereafter be adopted, it being understood that such compliance is necessary for the orderly enjoyment of the common areas and recreational facilities.

Section 3.4. Title to Common areas. The common areas shall be deeded to the

property owners 1/112 each and controlled by the Association and any other property of the Association held by Declarant shall be deeded to or otherwise transferred to the Association at or prior to the time the majority of the Board of Directors of the Association are elected by the lot owners other than Declarant.

Section 3.5. No Value to Common Areas. The common areas have no value except their use value to the unit owners. The use value of the common areas is part of the lot value and represents a portion of the consideration paid for each lot.

Section 3.6. Ownership of Fractional Shares. The Declarant may sell to one or more owners a fractional share of a lot when such fractional share is together with or combined in the same owner with an additional contiguous whole lot. Such owner shall then have property rights as defined herein based upon his total ownership percentage inclusive of such fractional share.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 4.1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

Section 4.2. The maximum number of members of the Association shall be the owners of 112 lots. The membership shall be the owners of the 112 lots in the Committed Property. The Association shall have two classes of voting membership:

Class A. Class A members shall be all owners, with the exception of the Declarant, and shall be entitled to one vote for each lot owned. When more than one person owns an interest in a lot, all such persons shall be members. The vote for such lot shall be exercised by one owner designated in writing by all owners, but in no event shall more than one vote be cast for any lot. The right of a Class A member to vote is automatically suspended during the period when any assessment against the lot owned by the member is delinquent and unpaid.

Class B. The Class B member(s) shall be the Declarant and it shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal or exceed 78 votes based upon the maximum of 112 lots or in the event such lesser maximum number is established in accordance with Section 4.3.,

(b) ten years following the date of conveyance of the first lot by Declarant.

Section 4.3. In the event the Declarant shall file a "Statement" as provided in Section 2.2 of this Declaration, declaring that the property described therein is no longer Uncommitted Property, then the maximum number of votes of the Association shall be a total number of lots in all Committed Property.

Section 4.4. Tenants Not Entitled to Membership or Voting Rights.

Nothing herein shall prohibit the owner of a lot from leasing or renting a dwelling unit thereon. In the event the dwelling unit is leased or rented, however, the owner retains the right to vote, and is prohibited from transferring the right to vote to the tenant. On the first day of each tenancy, the owner of any dwelling unit which has been leased or rented shall certify in writing to the Secretary of the Association the names of all tenants and persons authorized to reside in the dwelling unit as of that date and the length of their tenancy.

Section 4.5. Fractional Shares. In the event that there is an ownership right of a fractional share coupled with a whole share as defined in Section 3.6 above, such owner shall be entitled to ownership and voting rights based upon the owner's total ownership position inclusive of such fractional share.

ARTICLE V

COVENANT FOR ASSESSMENTS

Section 5.1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each lot owned within Committed Property, hereby covenants, and each owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, part of which shall be designated as a reserve fund; and (2) special assessments or charges for the purposes set forth herein, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. Such

personal obligation shall not pass to successors in title unless expressly assumed by them.

Section 5.2. Making of Assessments. All assessments or charges shall be fixed, established and levied by the Board of Directors, and collected from time to time as hereinafter provided. Assessments against the owners shall be made for the calendar year annually in advance on or before December 1st preceding the year for which the assessment is made and shall be payable in twelve (12) equal monthly installments on the 1 day of each month commencing January 1 of the year for which the assessment is made. A written notice of the proposed annual assessment shall be sent to every record lot owner every year at least thirty (30) days in advance of the annual assessment period. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment and monthly installment on such assessments shall be due upon each installment payment date until changed by an amended assessment. Both annual and special assessments must be fixed at a uniform rate for all lots. When additional property is committed to this Declaration, the assessment for the additional lot shall be the same as the assessment on previously committed lots until the end of the budget year. The budget and assessment for the following year shall cover all lots in Committed Property. The annual and special assessments (together with such interest thereon and the cost of collection including reasonable attorneys' fees as herein provided) shall be a charge and continuing lien on the real property and improvements thereon, against which such assessment is made. In case of joint ownership of a lot, each owner shall be individually, jointly and severally liable for the entire amount of the assessment and the aforesaid interest, collection costs, and attorneys' fees.

Section 5.3. Purpose of Annual Assessment. A portion of the annual assessment shall be levied by the Association for maintenance item within Committed Property as follows:

(a) To maintain the naturally vegetated or landscaped areas that are retained within the road rights-of-way and in the event such naturally vegetated or landscaped areas within the road rights-of-way are not properly maintained, Flagler County is hereby authorized to do so and to charge the expense of so doing to the Association provided appropriate notice has been issued by the County to the Association and the Association has failed to comply.

(b) To maintain the Internal Stormwater Management System, including lakes, retention areas, swales, ditches and related control structures and in the event such lakes, retention areas, swales, ditches, and related control structures are not properly maintained, Flagler County is hereby authorized to do so and to charge the expense of so doing to the Association provided appropriate notice has been issued by the County to the Association and the Association has failed to comply.

(c) To maintain the greenbelt areas, open spaces, parks and active recreation areas, for which the Association is responsible.

(d) To maintain street lights per paragraph 7.21, the entrance way, gate, walls, streets and curbs, wells and irrigation systems for common areas.

(e) For such other purposes as may be required by the Plan for Development.

In addition to those purposes required in (a), (b), (c) and (d) above, a portion of the annual assessment shall be made and used exclusively for the general maintenance, operation, improvement and enhancement of the common areas and property to provide for the payment of or for governmental assessments or charges, taxes, insurance, repairs, replacement construction or improvements, for the payment of the cost of labor, services, equipment, materials, management and supervision necessary to carry out the duties and function of the Association, and for the payment of principal, interest and other charges connected with loans made to the Association for the purpose of enabling the Association to perform its authorized functions. A deferred maintenance reserve account shall be established out of the regular annual assessment, for the periodic maintenance, repair and replacement of improvements to the common areas, the amount of the deferred maintenance reserve shall be based upon the estimated life and estimated construction or replacement costs calculated on accepted engineering principles.

Section 5.4. Purpose of Special Assessments. Special assessments may be levied for those purposes set forth in this Declaration and its Exhibits. Special assessments shall include assessments made against individual lots. In the event a lot owner shall fail to perform any repairs, maintenance upkeep or other duty which are the responsibility of the lot owner as provided in the Declaration, the By-Laws or the Rules and Regulations of the Association, the Association may give the lot owner ten (10) days written notice to perform the repair, maintenance, upkeep or other duty as required, and in the event the lot owner shall fail to do so, the Association may at its expense cause such repair, maintenance, upkeep or other duty to be performed and shall levy an assessment against the lot for the cost thereof plus a ten percent (10%) service charge. In addition to the duties of the lot owners set forth elsewhere in this Declaration or its Exhibits, in the event an owner of any lot in the property shall fail to maintain the lot and the improvements situate thereon in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall give the lot owner ten (10) days written notice to perform the maintenance and in the event the lot owner shall fail to do so, the Association shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain, and restore the lot and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance plus ten percent (10%) service charge shall be added to

and become part of the assessment to which such lot is subject.

In addition to the assessment authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common area, including fixtures and personal property related thereto, provided that any such assessment shall have the approval of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a duly constituted meeting called for this purpose. The Association shall not be bound in setting assessments in subsequent years by the amount of the assessments set in earlier years. Notwithstanding any of the provisions of this Article, in no event shall the assessments and other revenue collected by the Association exceed its expenses and reasonable reserves to an extent which would violate the Association's non-profit status.

Section 5.5. Maximum Assessment. The maximum annual, assessment to be paid monthly to the Association shall not exceed \$35.00 per lot per month payable annually until the members other than Declarant elect a majority of the Board of Directors. Thereafter, the Board, without concurrence of the members, may determine the annual assessment in such amount as is reasonably necessary to fulfill the duties of the Association.

Section 5.6. Assessments Against Lots Owned by Contractors. Until such time as lot owners other than Declarant elect a majority of the Board of Directors, a licensed contractor who owns unimproved lots, uncompleted dwelling units, or completed dwelling units for which a certificate of occupancy has been issued by the County and which have never been occupied, the assessment against such lot shall be twenty-five percent (25%) of the annual assessment. Full assessment shall commence the month following initial occupancy.

Section 5.7. Assessments Against Lots Owned by Declarant. The assessments provided for herein shall not be levied or enforced against the Declarant and any lots owned by or in which Declarant owns an interest during the period of time Declarant shall fund any deficiency between assessments levied and actual expenses of the Association. The obligation of the Declarant to fund any deficiency between assessments levied and actual expenses of the Association shall cease when the lot owners other than Declarant elect a majority of the Board of Directors. The assessment provided for herein, but only to the extent of twenty-five percent (25%) thereof, shall be levied and enforced against Declarant and any lots owned by Declarant effective for the month following the month in which Declarant shall cease to fund any deficiency between assessments collected and actual expenses of the Association, or at the end of the annual budget year for the year in which control of the Association is released by the Declarant to Class A members, whichever first occurs.

Upon transfer of title of a Declarant-owned lot, or lot owned by a licensed contractor as provided in 5.6 above, such lots shall be assessed in the amount established against lots owned by the Class A members of the Association, prorated as of, and commencing with, the month following the date of transfer of title. Notwithstanding the foregoing, those lots from which Declarant or a licensed contractor derives any rental income, or holds an interest as mortgagee or contract seller, shall be assessed at the same amount as is hereinabove established for lots owned by Class A members of the Association, prorated as of, and commencing with, the month following the execution of the rental agreement or mortgage, or the contract purchaser's entry into possession as the case may be.

Section 5.8. Delinquent Assessments. Assessments which are not paid on or before the date the same shall become due shall be delinquent, and such delinquent assessment shall bear interest at twelve percent (12%) per annum until it is paid in full. In addition to the accrual of interest when an assessment becomes delinquent in payment, the Association may file a claim of lien against the lot to perfect the lien for such assessment. There shall be no exemption from the payment of any assessment or installment thereof by waiver of the use of the common areas, by abandonment of the lot or dwelling unit, by extended absence from the subdivision, or by or for any other reason, except as provided in Sections 5.6 and 5.7.

Section 5.9. Contribution to Working Capital. Each lot purchaser shall at the time of closing pay to the Association the sum of \$40.00 as a contribution to working capital in order to establish a working capital fund. Said payment is not to be considered as an advance payment of regular assessments. The Declarant shall have the responsibility to see that said working capital fund is maintained for the use and benefit of the Association and is turned over to the Association at the time control thereof passes to the unit owners other than Declarant.

Section 5.10. Request for Status of Assessments. Upon written request of an owner, or a mortgagee or other authorized person, mortgagee or to one designated at the request of the owner such as a prospective purchaser or prospective mortgagee or other authorized person, a statement of the current status of the assessments on such owner's lot or dwelling unit. When executed by the Treasurer or other designated officer of the Association, the statement shall be binding on the Association and any purchaser or mortgagee may rely upon such statement as an accurate statement of the status of assessments.

Section 5.11. Foreclosure of Assessment Lien. The lien herein established may be foreclosed in the same manner as real estate mortgages may be foreclosed in the State of Florida. The lien granted herein shall also secure the payment of or advances for taxes and payments on superior mortgages, liens or encumbrances, insurance

premiums and other sums which may be required to be advanced by the Association in order to protect its lien, and the Association shall be entitled to interest computed on the basis of advances made from time to time at the highest legal rate of interest on all such advances.

Section 5.12. Notice of Lien Rights. All persons, firms, corporations and other business entities which shall acquire, by whatever means, any interest in the ownership of a lot or dwelling unit, or who may be given or who may acquire a mortgage, lien or other encumbrance on a lot or a dwelling unit, are hereby placed on notice of the lien rights granted to the Association under this Declaration, and all such persons, firms, corporations and other business entities shall acquire their right, title and interest in and to said lot or dwelling unit expressly subject to the lien rights provided herein.

Section 5.13. Homestead. By acceptance of a deed thereto, the owner of each lot shall be deemed to acknowledge conclusively that the obligations evidenced by the assessments provided for in Section 5.1 of this Article V are for the improving and maintenance of any homestead maintained by such owner or such owner's lot.

Section 5.14. Procedure for Filing Claim of Lien, Etc. The lien created pursuant to this Declaration shall be effective from and after the recording in the Public Records of Flagler County, Florida, of a "Claim of Lien" stating the description of the property encumbered by the lien, the name of the record owner of the property, the amounts due and the date when the same becomes due. The lien shall continue in effect until all sums secured by the lien have been fully paid. The claim of lien may include assessments which are due and payable when the claim is made and recorded, plus interest, collection costs, attorneys' fees, and advances such as those to pay taxes and prior encumbrances and interest thereon, all as provided herein. The claim of lien shall be in the name of and under the seal of the Association and shall be signed and verified by the President or Vice President of the Association. When full payment of all sums secured by such lien is made, the claim of lien, shall be satisfied of record by the Association. A claim of lien filed by the Association shall be subordinate to the lien of any mortgage or any claim of lien, provided the same mortgage or claim of lien is recorded prior to the recording of the Association's claim of lien.

Section 5.15. Handling and Safeguarding of Association Funds. All revenue collected by the Association shall be segregated, held and used as the property of the Association, and such revenue may be applied by the Association, at the discretion of the Board, towards the payment of any expenses of operation and maintenance of the Association and of the common areas. Revenue collected by the Association from an owner of a lot may be commingled with monies collected from other owners. After the Board of Directors is elected by lot owners other than Declarant, fidelity bonding shall be obtained on all officers and directors of the Association who control or disburse funds of the Association in an amount to be determined by the Board of Directors, and

in the event insurance proceeds are payable to the Association as provided in Section 8.6 of this Declaration, then such fidelity bonding shall be increased by the amount of the insurance proceeds and maintained at such amount until such proceeds have been disbursed in the manner elsewhere stated in this Declaration, at which time the Board of Directors may again determine the amount of the fidelity bonding.

Section 5.16. Members Have No Ownership in Association Funds. Although all funds and other assets of the Association, and any profits derived therefrom, shall be held for the benefit of the members of the Association, no member of said Association shall have the right to assign, encumber, hypothecate, pledge, or in any manner transfer his membership or interest in or to said funds and assets, except as an appurtenance to his lot. When an owner of a lot or dwelling unit shall cease to be a member of the Association by reason of the divestment of ownership of said lot, by whatever means, the Association shall not be required to account to such owner for any share of the funds or assets of the Association.

Section 5.17. Covenant for Maintenance Assessments for Association. Assessments shall also be used for the maintenance and repair of the surface water or stormwater management systems including, but not limited to, work within retention areas, drainage structures and drainage easements.

ARTICLE VI

ARCHITECTURE CONTROL

Section 6.1. Establishment and Purpose of Architectural Review Committee. In order to ensure an acceptable level of development quality which remains responsive to the existing environmental conditions of the Committed Property, to ensure good quality architectural design which is appropriate in scale for the neighborhood, to protect property values and to preserve the natural beauty of the area, the Fairchild Oaks Architectural Review Committee is referred to in this Article VI as the Committee.

Section 6.2. Composition and Appointment of Architectural Review Committee. The Architectural Review Committee shall initially be composed of three (3) persons. The members of the original Committee shall be appointed by the Declarant and need not be lot owners. In the event of death, resignation, inability to serve, or other vacancy in office of any member of the original Architectural Review Committee, the Declarant shall promptly appoint a successor. The membership, rules of procedure and duties of the original Committee shall be prescribed by and may, from time to time, be changed or modified by the Declarant. When the Declarant deems the circumstances appropriate, but not later than the date upon which Class B membership shall cease as provided in Section 4.2 of this Declaration, the membership of the Committee shall increase to five (5) persons and control of the Architectural Review Committee shall

pass to the Board. The Board shall then appoint the permanent Architectural Review Committee consisting of five (5) persons, all of whom shall be members of the Association, which shall assume the duties and perform the functions as set forth in this Declaration. Committee members shall serve a term of three (3) years in staggered terms. The initial members shall be appointed two (2) for a term of three (3) years, two (2) for a term of two (2) years, and one (1) for a term of one (1) year. Thereafter, they shall be appointed for terms of three (3) years. Committee members may be removed by affirmative vote of two-thirds (2/3) of the Board of Directors. After turnover of control is completed, all appeals from actions of the Architectural Review Committee shall be heard and decided by the Board.

Section 6.3. Powers of Architectural Review Committee. The Architectural Review Committee is hereby granted the power to:

(a) Establish general Rules and Regulations to implement the purposes set forth herein. Establish Rules and Regulations governing the procedures of the Committee and the form and contents of plans and specification to be submitted for approval or with respect to the approval or disapproval of certain types of alterations, additions or modifications to improvements. Establish Rules and Regulations to regulate animals, signs, storage and use of machines, garbage containers, trash containers, plantings and maintenance and removal of vegetation on the property. Establish a schedule of reasonable fees to cover the costs of the Committee for the processing of applications by the Committee.

(b) Develop forms to be used in the application and approval process .

(c) Receive and examine each Application for Approval to Build and, if approved, issue an Approval to Build.

(d) Disapprove an Application for Approval to Build on one or more of the following grounds:

(1) Failure to comply with the Rules and Regulations of the Committee .

(2) Failure to provide information requested by the Committee.

(3) Objection to the site plan, exterior design, appearance or materials, including, but not limited to, color, color scheme, finish, proportion, style of architecture or parking area.

(4) That the proposed improvements would, in the judgment of the Committee, be inharmonious or incompatible with the general plan of the community, or of the immediate area or with the improvements or use in the vicinity.

(e) Enforce the requirements of this Article VI and the Rules and Regulations of the Committee and to that end, the Committee has the power in the event of non-compliance to:

(1) Issue an order that the violation or non-compliance be corrected within a reasonable time certain (not less than ten (10) days), and if not corrected within the time set, then may recommend to the Board that a fine be imposed and assessed against the lot involved in an amount not to exceed \$150.00, with each day the violation continues after the date set for action to be a separate violation and the fine reimposed each day until the matter is corrected;

(2) Issue an order that corrective action be taken and specifying a reasonable time certain within which corrective action shall be taken and if not taken within the time set, recommend to the Board that the Association take corrective action at the expense of the Association and impose an assessment against the lot involved in the amount of the cost of the corrective action plus a ten percent (10%) service charge; or ;

(3) Issue an order that a structure or a portion of a structure which constitutes the violation or non-compliance be removed within a reasonable time certain and in the event that the same is not removed within the time recommended to the Board, that the Association remove the structure at the expense of the Association and impose an assessment against the lot involved in the amount of the cost of the removal plus a ten percent (10%) service charge;

(4) The Committee may take or recommend such other action as it deems appropriate.

(5) In cases where there is a recommendation to the Board for a fine, corrective action by the Association, removal of improvements by the Association or other action which involves the imposing of a lien on the lot involved, the Board shall give the lot owner and other appropriate parties no less than ten (10) days written notice that the Board will consider the recommendations of the Committee (specifying in detail the recommendations) at a date, time and place certain and that the lot owner and other appropriate parties may appear before the Board and be heard at that time. A record will be made of the proceeding and the decision of the Board.

(6) The Board is hereby granted the authority to impose reasonable fines not to exceed \$150.00 with each day the violation continues after the date set for action to be a separate violation and the fine reimposed each day until the matter is corrected. The Board is also granted the authority to direct that corrective action or removal may be done at the expense of the Association and a ten percent (10%) service charge added. Such fine and cost of corrective action and removal plus the service charge

shall be an assessment and lien against the lot involved and may be enforced and collected as other assessments.

Section 6.4. Architectural Control Committee Approval Required Prior to Commencing Construction. Except for dwelling units, buildings and other structures and improvements constructed, installed or placed by or with the approval of the Declarant; landscaping and plantings by or with the approval of the Declarant; and additions, alterations, modifications and changes to any of the foregoing by or with the approval of the Declarant (collectively "Declarant improvements"), which Declarant improvements are not subject to the approval of the Architectural Review Committee, no improvements or structures of any kind shall be erected, placed or maintained in any portion of Committed Property; and no addition, alteration, modification or change to any such improvement, structure, landscaping or planting shall be made without the prior approval of the Architectural Review Committee as hereinafter provided.

Prior to applying for a building permit for any building or structure or any type of alteration, addition or modification to existing improvements and prior to commencing any grading or construction of any building or structure for which a building permit is not required, a lot owner shall, in accordance with the Rules and Regulations of the Committee, file with the Architectural Control Committee an Application for Approval to Build with required supporting documents and if the Committee, approves the applications, it shall issue to the lot owner an Approval to Build. Upon receipt of the Approval to Build, the lot owner may apply to the appropriate building department for a building permit or in the case where a building permit is not required, the lot owner may commence construction. It is possible that in certain unusual circumstances, even after receiving Architectural Review Committee approval to build, it may necessary to obtain a variance prior to obtaining a building permit from the building official. Any and all approvals or disapprovals of the Committee shall be in writing and shall be sent to the respective lot owner. In the event the Committee fails to approve or to disapprove in writing any proposed plans and specifications within thirty-five (35) days after submission to the Committee of such plans and specifications and any and all other reasonably requested information and material related thereto, then said plans and specifications shall be deemed to have been approved by the Committee and the appropriate written approval delivered forthwith.

The Committee shall be the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction in violation of these restrictions. Any member of the Committee or its representatives shall have the right, during reasonable hours, to enter upon any Lot to inspect any Lot and any improvements thereon for the purpose of ascertaining whether or not these restrictive covenants have been or are being complied with. Such person or persons shall not be deemed guilty of trespass by reason of such entry.

Section 6.5. Protection of Committee and Association. Neither the Architectural Review Committee its individual members, or the Association, the Ward or its individual members or their employees or agents shall be liable to anyone submitting plans for approval or to any owner, member or other person in connection with any submission of plans for approval, or the approval or disapproval thereof, including without limitation, mistakes in judgment, negligence or misfeasance. Any person submitting plans to the Committee agrees, by submission of plans, that no action or suit will be brought against the Committee, its individual members, the Association, the Board or its individual members, employees or agents thereof, in connection with such submission. The Committee shall not be responsible for reviewing, nor shall its approval of any plans and specifications be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building codes, and such approval does not warrant the design of the structure approved. It is possible that in certain unusual circumstances, even after receiving Architectural Review Committee approval to build, it may be necessary to obtain a variance prior to obtaining a building permit from the building official.

Section 6.6. Transfer of Architectural Control to Board. The Board has the option at any time to disband the Architectural Review Committee and to assume its duties and responsibilities.

ARTICLE VII

PROTECTIVE COVENANTS

Section 7.1. Completion of Structures. All structures must be substantially completed in accordance with the plans and specifications approved by the Architectural Control Committee as set forth in Article VI within twelve (12) months after commencement of construction, except that the Board may grant extensions where such completion is impossible or is the result of matters beyond the control of the owner, such as strikes casualty losses, nation emergency or acts of God.

Section 7.2. Residential Use. Each lot shall be used only for single family, private purposes, and no more than one (1) residence shall be located on any one lot.

Section 7.3. Garages. The Architectural Review Committee shall have the option of requiring entry to garages be at the side or rear of the property so as to avoid exposure of garages and garage doors to the street front view. The Architectural Review Committee shall make such decisions based upon accessibility, lot size and shape and existing vegetation. Each residence shall have a garage which shall be constructed and maintained so as to be suitable for the storage of two (2) or more automobiles. Garage doors shall normally remain closed.

Section 7.4. Motorized Vehicles. All motor vehicles shall carry a current year's license tag registration and be maintained in proper operating condition so as not to be a nuisance by noise, exhaust emissions, or otherwise. All motor vehicles, including, but not limited to, automobiles, trucks, trail bikes, motorcycles, and dune buggies, shall be driven only upon paved streets; no motor vehicles shall be driven on pathways or upon unpaved areas.

Section 7.5. Parking. No trucks or commercial vehicles (except during the period of approved construction), campers, mobile homes, motor homes, boats, house trailers, boat trailers, or trailers of every other description shall be permitted to be parked or to be stored at any place on the lots or common areas, except in areas which may be designated by the Board under such condition and manner of storage as the Board may further designate and require. However, this provision does not require the Board to designate such an area, and allow such storage. This prohibition against parking shall not apply to temporary parking of trucks or commercial vehicles, for repair services, pick-up, delivery and other commercial services, and shall not apply to business or commercial automobiles or to panel or pick-up trucks with not over 3/4 ton capacity when such vehicles are used as personal transportation by the owner or occupant of a dwelling. Automobiles and light trucks used for personal transportation shall be parked only in the respective dwelling owner's garage or driveway.

Section 7.6. Repairs. Except for emergency repairs, no owner of a lot shall repair or restore any vehicle, boat or trailer upon any portion of the Property except within the confines of a garage or other building or in an area which may be designated by the Board for such purposes; however, this provision does not require the Board to designate such an area.

Section 7.7. Pets. No livestock or poultry of any kind shall be raised, bred, or kept on any lot, except that dogs, cats and other generally recognized household pets may be kept, provided they are reasonable in number, and provided further that they are not maintained or bred for any commercial purpose and the proper restraint and control are used in the keeping of them.

Section 7.8. Clothes Drying Equipment. No outdoor clotheslines or other outdoor clothes drying apparatus shall be permitted on any lot, except as approved in writing by the Board.

Section 7.9. Trash and Garbage. Storage, collection and disposal of trash shall be in compliance with the rules set from time to time by the Board.

Section 7.10. Antennas. Declarant and the Association have either option and authority to (1) install a master community antenna television system, in which event the Declarant or the Association have the authority to operate such system and to

charge the expense of operating such system to each lot as part of the regular maintenance assessment, or (2) authorize a franchised and licenses cable television company to install television service to each lot; and under either option, service to each lot shall be underground, and exterior television, radio, ham radio, satellite dish or other antennas are prohibited. In the event the Declarant or the Association does not exercise either option (1) or (2) above, exterior television or other antennas are permitted only after an Approval to Build has been issued by the Architectural Review Committee. One (1) small satellite dish of no greater than 20" diameter shall be permitted only on rear of house, not visible from any road.

Section 7.11. Signs. No signs of any type shall be displayed to public view on the Property or any portion thereof except those conforming with the sign regulations adopted by the Architectural Review Committee. Such regulations shall be controlling over all signs including For Sale, For Rent, or For Lease signs and in all events shall provide for a maximum sign size of 14" x 20".

Section 7.12. Transmission. All public or private transmission and service wiring for electrical, gas, telephone and cable television communication services and service lines must be installed and buried underground, where permitted, in accordance with applicable codes that may be imposed.

Section 7.13. Walls. No walls for the supply of water shall be located, constructed or used within the area covered by these restrictions other than those for the sole purpose of lawn watering and irrigation.

Section 7.14. Maintenance of Easements. Easements for the installation and maintenance of utilities and stormwater retention and drainage facilities are created as shown and described on the recorded plat or plats of Committed Property. Within these easements, no structure, planting or other material shall be placed or permitted to remain that may damage or interfere with the installation and maintenance of utilities, change the direction of flow of drainage in the easements or obstruct or retard the flow of water drainage in the easement unless authorized in writing by the proper county or state agency. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except where the Association, a public authority, governmental agency or utility company is responsible for such maintenance.

Section 7.15. Easement to Maintain Standard, Etc. For a period of five (5) years after the date of conveyance of the first lot, the Declarant reserves a blanket easement and right on, over and under the ground within the Committed Property to make corrective changes in order to maintain drainage for the property and to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut trees, bushes or shrubbery, grade the soil, or to take any other similar corrective action reasonably necessary to accomplish such purpose. Following such

work, the Declarant shall restore the affected property to its original condition as nearly as practicable. The Declarant shall give reasonable notice of its intent to take such corrective action to all affected owners, unless in the opinion of the Declarant an emergency exists, in which case such notice is excused.

Section 7.16. Authority of Board to Grant Easements. The Board of Directors is hereby vested with the authority to grant permits, licenses and easements over the common areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the development.

Section 7.17. Maintenance of Internal Stormwater Management System. The Internal Stormwater Management System within the Committed Property, including lakes, retention areas, swales, ditches and related control structures, shall be maintained by the Association. Flagler County is hereby vested with the right to maintain, at the expense of the Association, the Internal Stormwater Management System in the event that the lakes, retention areas, swales, ditches and related control structures are not properly maintained, provided appropriate notice has been issued by the County and the Association has failed to comply. The Association shall be responsible for the maintenance, operation and repair of the surface water or stormwater management system. Maintenance of the surface water or stormwater management system(s) shall mean the exercise of practices which allow the systems to provide drainage, water storage, conveyance or other surface water or stormwater management capabilities as permitted by the St. Johns River Water Management District. Any repair or reconstruction of the surface water or stormwater management system shall be as permitted, or, if modified, as approved by the St. Johns River Water Management District. Additionally, the retention areas indicated to remain natural are to be maintained in their natural condition.

Section 7.18. Enforcement of Public Easements. The County of Flagler is hereby vested with the power to enforce all public easements which run to the direct benefit of the public in general.

Section 7.19. Easement for Access and Drainage. The Association shall have a perpetual non-exclusive easement over all areas of the surface water or stormwater 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 lot which is a part of the surface water or stormwater management system, at a reasonable time and in a reasonable manner, to operate, maintain or repair the surface water or stormwater management system as required by the St. Johns River Water Management District permit. Additionally, the Association shall have a perpetual non-exclusive easement for drainage over the entire surface water or stormwater management system. No person shall alter the drainage flow of the surface water or stormwater management system, including buffer areas or swales, without the prior written

approval of the St. Johns River Water Management District.

Section 7.20. Areas to be Maintained in Natural State. Except as otherwise provided in this Declaration and except for those areas dedicated to and accepted by a governmental agency or utilized in the providing of community services, all parks, greenbelts and other common areas within the Committed Property shall be generally retained in their natural state by the Association. If these non-dedicated areas are improved or changed from their natural state, they shall be maintained by the Association.

Section 7.21. Maintenance of Street Lights. Street lighting will be installed within the Committed Property. Declarant reserves the right to cause the creation of a special service district to provide such street lighting. In the event a governmental unit, including special service district, or public utility company, does not install, maintain and pay for the operation of street lights, the street lights will be installed by the Declarant, at or before unit owners other than the Declarant are entitled to elect a majority of the Board of Directors. Thereafter, the Association shall maintain and keep each of said street lights in operation and shall pay for the electric power necessary to operate them. In the event a governmental unit, including a special service district, shall accept the maintenance of the street lights and the Committed Property, then the Association shall no longer be responsible for the maintenance thereof.

Section 7.22. Tree Removal Restriction. No trees measuring three and one-half (3 1/2") inches or more in diameter, four (4') feet above ground level, may be removed without the written approval of the Architectural Review Committee unless located within ten (10') feet of the main dwelling, accessory building or approved site for such building. The Architectural Review Committee may establish, in the interest of preserving desirable vegetation for environmental stability, restrictions on the clearing of additional vegetation in designated areas. Trees and vegetation to be removed in connection with initial home construction shall be specified on the site plans, with removal authorized upon approval. Trees immediately adjacent to the construction area shall be protected to avoid damage during construction.

Section 7.23. Maintenance. It shall be the responsibility of each lot owner to prevent any unclean, unsightly or unkept conditions of buildings or grounds from developing which may tend to decrease the beauty of the neighborhood. Such responsibility may require preventative measures to be taken at the lot owner's expense to ensure desirable conditions for existing vegetation. Lot owners shall be required to provide for irrigation of lawn and landscaping of all areas from the front of homes extending to the street.

Section 7.24. Temporary Structures, Etc. No structure of a temporary nature or character, including, but not limited to, a trailer, house trailer, mobile home, camper,

tent, shack, shed, barn or other similar structure or vehicle, shall be used or permitted to remain on any lot as a storage facility or residence or other living quarters whether temporary or permanent, except those used as temporary construction and sales offices during construction by Declarant or by a licensed contractor so authorized.

Section 7.25. Nuisance. An owner, his family, and lessees, shall not do or keep and shall not cause anything to be done or kept on his lot which shall constitute a nuisance under the laws of the State of Florida, or which will obstruct or interfere with the rights of other owners or the Association or among other owners by unreasonable noises, odors or otherwise, nor shall any owner, his family, and lessees commit or permit any nuisance, immoral or illegal act within the Property.

Section 7.26. Provisions Inoperative as to Initial Construction. Nothing contained in this Declaration shall be interpreted or construed to prevent Declarant, its transferees, or its or their contractors or sub-contractors from doing or performing on all or any part of the Committed Property actually owned or controlled by Declarant, its transferees, or its other contractors or sub-contractors as the case may be, whatever they determine to be reasonably necessary or advisable in connection with the completion of the development of the Property, including, without limitation:

(a) erecting, constructing, and maintaining thereon such structures and vehicles as may be reasonably necessary for the conduct of Declarant's business of completing and establishing the Property as a residential community and disposing of the same in parcels by sale, lease or otherwise; or

(b) maintaining such sign or signs thereon as may be reasonably necessary in connection with the sale, lease or other transfer of the Property in parcels;

(c) provided, however, that operations being conducted under sub-paragraphs (a) and (b) immediately above shall be permitted upon only those parts of the Property owned or controlled by the party causing or conducting said operations. As used in this Section, the term "its transferees" specifically does not include purchasers of lots improved as completed residences, or to purchasers of unimproved lots who are not contractors or builders.

Section 7.27. Driveways and Walkways. All homes shall have it suitably constructed driveway leading to the garage. Such driveways shall be appropriately paved and shall include cement paving from the garage to the paved portion of the public right-of-way or street. All homes shall additionally have a concrete sidewalk to be three feet in width from property line to property line in the front of the residence; the specifications and locations of which to be determined by the Architectural Review Committee.

Section 7.28. Fences. Fences are not required of lots within the Subdivision unless

required by other governmental laws or regulations. If fences are constructed by lot owners, they may not include chain link or wire fences which are specifically prohibited.

Section 7.29. Minimum Home Square Footage. All homes constructed within the Subdivision shall contain a minimum of 1650 square feet of enclosed heated and air conditioned floor space, exclusive of any garage area.

ARTICLE VIII

HOMEOWNERS' ASSOCIATION GENERAL PROVISIONS

Section 8.1. Creation of Association. To effectively provide for the administration of the Association and of the common areas by the owners of lots in the Committed Property, a non-profit corporation, Fairchild Oaks Homeowners' Association, Inc., a non-profit Florida corporation, has been created. The Association shall own, operate, manage and maintain the common areas, enforce the restrictions and covenants contained herein, the By-Laws of the Association and the Rules and Regulations adopted by the Association, and shall perform all acts necessary and incident to such duties, all in accordance with the provisions of this Declaration and the Articles of Incorporation and By-Laws of said Association. A copy of the Articles of Incorporation, Fairchild Oaks Homeowners' Association, Inc., is attached as Exhibit "B", and a copy of the By-Laws of said corporation are attached hereto as Exhibit "C".

Section 8.2. Membership in Association. The owner or owners of each lot or dwelling unit in Fairchild Oaks, and the owners of each lot or dwelling unit in additional portions of the Total Property which may become Committed Property from time to time, shall automatically become members of the Association upon his, her or their acquisition of an ownership interest in the title to any lot. The membership of such owner shall terminate automatically at the time and that such owner is divested of such ownership interest or title to such lot, regardless of the means by which such ownership may have been divested.

Section 8.3. Lienholders Not Entitled to Membership. No person, corporation, or other business entity holding any lien, mortgage or other encumbrance upon any lot shall be entitled to virtue of such lien, mortgage, or other encumbrance, to membership in the Association or to any of the rights and privileges, or be charged with any of the duties of such membership; provided, however, that nothing contained herein shall be construed as prohibiting membership in the Association of a person, corporation or other business entity which acquires title to a lot either by foreclosure or by voluntary conveyance in lieu of foreclosure from a mortgagor, his successor or assign.

Section 8.4. Power of Board to Adopt By-Laws and to Make and Enforce Rules and Regulations. By-Laws of the corporation may be adopted by the initial Board of Directors and may be altered, amended or rescinded in the manner provided for in the By-laws. The Board may at any meeting of the Board adopt Rules and Regulations or amend, modify or rescind the then existing Rules and Regulations for the operation and use of the common areas and enforcement of these Covenants and Restrictions and the conduct of lot owners, their tenants and guests; provided, however, that such Rules and Regulations are not inconsistent with the terms or provisions of these documents. Copies of any Rules and Regulations promulgated, amended or rescinded shall be mailed or delivered to all lot owners shown on the records of the Association at that time and shall not take effect until 48 hours after such delivery or mailing. The Board of Directors of the Association is hereby granted the authority to appoint committees of unit owners for the purpose of regulating the Association, which committees shall include architectural review as provided in Article VI, traffic control, budget, election, and a review committee for the purpose of enforcing the terms of these documents, the Rules and Regulations of the Association, and the Rules and Regulations of the committees, all in accordance with the procedures contained in the By-Laws. The authority hereby granted includes the power for the review committee to punish for violations, including the authority to issue reprimands, suspend the lot owner's right to use the recreational facilities and the common areas, except dedicated streets, for up to sixty (60) days, recommend to the Board of Directors fines which may be imposed by the Board of Directors of the Association in such reasonable sum as it may deem appropriate but not to exceed any limitation on the amount of such fine set by the Statutes of the State of Florida, and may be assessed only after written notice to the unit owner and other parties and an opportunity for them to appear and be heard before the Board of Directors, which fines may be enforced as assessments, and to take other lawful and appropriate action.

Section 8.5. Protection of Declarant. As long as the Declarant has rights and obligations under this Declaration, the Association shall not use its resources in opposition to the Declarant's Plan for Development.

Section 8.6. Insurance Requirements. It shall be the responsibility of the Association to obtain liability and hazard insurance on all common areas owned or maintained by the Association and to keep same in effect at all times. All insurance policies purchased by the Association shall be for the benefit of the Association of the lot owners and shall provide that all proceeds covering losses shall be paid to the Association- insurance policies shall contain a provision that the proceeds covering property losses shall be paid over to the Association only after the Association has provided proof that the fidelity bonding of the officers and directors of the Association has been increased by the amount of such proceeds as provided in Section 5.15 of this Declaration. The duty of the Association shall be to receive and hold the insurance proceeds and other funds that are paid to it in trust for the purposes elsewhere stated

in this Declaration and for the benefit of the unit owners. In the event of any casualty or loss to any of the common areas, the Association shall receive all insurance proceeds therefrom for the benefit of itself and the lot owners, which proceeds shall be used to the extent needed solely to reconstruct, replace or repair promptly the facilities so damaged. Any excess insurance proceeds not required for the aforesaid reconstruction, replacement or repairs shall be paid over to the general fund of the association.

Section 8.7. Any Management Agreement Must Allow Termination on Ninety Days Notice. Any agreement for the professional management of the common property or recreational areas or any other contract providing for services of the Declarant, sponsor or builder, may not exceed three (3) years. Any such agreement must provide termination by either party without cause and without payment of a termination fee by written notice delivered no less than Ninety (90) days prior to the termination date.

Section 8.8. Annual and Special Meetings of Association. The annual meeting of the Association shall be held on the first Monday of December of each year at such time and place within Flagler County as may be designated by the Board. The date of the annual meeting may be changed by vote of the Association at any annual or special meeting. Special meetings of the Association may be called by the Board at any time or must be called by the Board upon presentation of a petition signed by the owners of twenty-five (25) lots. Written notice of meetings specifying the date, time and place shall be given to each lot owner not less than ten (10) nor more than thirty (30) days prior to the meeting.

Section 8.9. Quorum for Meeting of Association. A quorum for any duly constituted meeting of the members of the Association shall be a majority of all the votes of each class of membership present at the meeting, or represented by proxy. If a quorum is not present at any meeting when first called, the Board may call a second meeting at which quorum of the first meeting shall be reduced by fifty (50%) percent. The notice for the first called meeting may include the calling of and date for the second called meeting and shall be sufficient for any adjournment thereof.

ARTICLE IX AMENDMENT

Section 9.1. Amendment Prior to Turnover. Until the Board of Directors of the Association is elected by lot owners other than the Declarant and control of the Association turned over, all amendments or modifications to this Declaration shall be made only by Declarant without the requirement of the Association's consent or the consent of the lot owners; provided, however, that the Association shall, forthwith upon request of Declarant, join in any such amendments or modifications and execute such instruments to evidence such joinder and consent as Declarant shall, from time to time, request.

Section 9.2. Amendment Subsequent to Turnover. Subsequent to election of the Board of Directors by unit owners other than Declarant, the Board of Directors may by resolution propose changes or amendments to this Declaration. In addition, the record owners of twenty-five (25%) percent of lots within 112 may, by written petition, propose that changes be made to these Covenants and Restrictions. Such proposed amendment shall be presented at the next regular meeting or at a special meeting of the members duly called. Approval requires the affirmative vote of a majority of the then record owners of lots within Committed Property. Immediately after approval by the members or amendment by Declarant, a certificate executed in the name of the Association by its President and Secretary and containing the approved amendment shall serve as proof of such amendment and shall be recorded in the Public Records of Flagler County, Florida.

Notwithstanding the foregoing paragraph of this Article, no amendment which modifies or terminates the obligation of the Association to maintain the common areas or perform other duties required by the Plan for Development or by the Final Development Plan shall be effective without the approval of the County of Flagler.

Any amendment to the Covenants and Restrictions which alter any provision relating to the surface water or stormwater management system, beyond maintenance in its original condition, including the water management portions of the common areas, must have the prior approval of the St. Johns River Water Management District.

This Article shall not apply to a supplement or amendment to this Declaration or an amended declaration filed by Declarant for the purpose of committing additional property to the land use provisions and other benefits, burdens, restrictions, covenants and provisions of this Declaration as provided in Section 2.2.

ARTICLE X
COVENANTS AGAINST PARTITION
AND
SEPARATE TRANSFER OF MEMBERSHIP RIGHTS

Recognizing that the full use and enjoyment of any lot within the Committed Property is dependent upon the use and enjoyment of the common areas and the improvements made thereto, and that it is in the best interest of all of the owners that membership rights to use the common areas be retained by the owners of the lots, it is therefore declared that the membership rights of any owner to use the common areas shall remain undivided, and such owners shall have no right at law or equity to seek partition or severance of such membership rights to use the common areas. In addition, there shall exist no right to transfer the membership rights to use the common areas in any other manner than as an appurtenance to, and in the same transaction with, a transfer of title to or lease of the lot or dwelling unit;

provided, however, that nothing herein shall preclude a conveyance by the Declarant herein of any undivided interest in the common areas to the owners of lots within the Subdivision for the purpose of effectuating the intent of this Declaration. Any conveyance or transfer of a lot shall include the membership rights and the use of the common areas appurtenant to such lot, which membership rights represent a portion of the value of the lot, whether or not such membership and Use rights shall have been described or referred to in the deed by which said lot or unit is conveyed.

ARTICLE XI

COVENANTS FOR BENEFIT OF MORTGAGEES

Section 11.0. Joinder and Consent of Mortgagee. The Joinder and Consent of Mortgagee in this Declaration is attached hereto as Exhibit "D" and by reference hereof made a part hereof.

Section 11.1. Notice of Association. An owner who mortgages a lot shall notify the Association through its Secretary of the name and address of the mortgagee and shall file with the Secretary a copy of such mortgage; and the Association shall maintain such information in a book entitled "Mortgagees of Lots".

Section 11.2. Notice of Unpaid Assessments. The Association shall, upon the request of a mortgagee, report any unpaid assessment due from the owner of a lot upon which such mortgagee holds a mortgage.

Section 11.3 Availability of Information. The Association shall make available to lot owners and lenders, and to holder, insurers or guarantors of any first mortgage, current copies of the Declaration and all amendments, all Rules and Regulations with amendments, and the books, records, accounts and financial statements of the Association. Available means available for inspection upon request, during normal business hours at the Association office or under other reasonable circumstances.

Section 11.4. Financial Statements. Any holder, insurer or guarantor of an institutional mortgage or of a first mortgage is entitled, upon written request, to a copy of the financial statement of the Association for the immediately preceding fiscal year.

Section 11.5. Lender's Notices. Upon written request to the Association identifying the name and address of the holder, insurer or guarantor of a mortgages shall be entitled to timely written notice of:

(a) Any condemnation or casualty loss that affects either a material portion of the project or the lot securing its mortgage.

- (b) Any delinquency of sixty (60) days in the payment of assessment or charges owed by the owner of any lot upon which it holds a mortgage.
- (c) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.
- (d) Any proposed action that requires the consent of mortgage holders .

Section 11.6. Benefit of Mortgagees. All of the provisions of this Article XI are for the benefit of mortgagees, may be enforced by a mortgagee and may be amended or repealed only with the written consent of all mortgagees; however, additional provisions for the benefit of mortgagees may be added without such consent.

ARTICLE XII

COVENANTS TO RUN WITH LAND

The restrictions and burdens imposed by the provisions and covenants of this Declaration shall constitute covenants running with the land, and each shall constitute an equitable servitude upon the owner of each lot within Committed Property and the undivided interest in the common areas and upon the heirs, personal representatives, successors and assigns of each owner, and the same shall likewise be binding upon the Declarant and its successors and assigns. This Declaration shall be binding and in full force and effect for a period of thirty (30) years from the date this Declaration is recorded, after which time this Declaration shall be automatically extended for successive ten-year periods, unless an instrument, signed by Ninety (90%) percent of the then record owners of the lots or dwelling units in Fairchild Oaks is recorded prior to the expiration of the original 30-year period or prior to the expiration of any successive ten-year period, containing an agreement of the said owners which alters, changes, modifies, or repeals, in whole or in part, the provisions of this Declaration, then and in that event the alteration, change, modification or repeal shall take effect upon the expiration of the period and be effective for subsequent periods unless this Declaration is repealed completely.

Notwithstanding the language contained in this Article, no amendment which modifies or terminates the obligation of the Association to maintain the common areas or perform other duties required by the Final Development Plan shall be effective without the approval of the County of Fagler.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

Section 13.1. The Association, the Declarant, a builder, or any owner shall have the right to enforce, by any proceeding at law or in equity, all covenants, restrictions, reservations, liens and charges now or hereafter imposed by those Covenants and Restrictions, and any amendments thereto. The party enforcing same shall be entitled to recover all costs and expenses incurred, including reasonable attorneys' fees. The failure of the Association to enforce any rights, privileges, covenant or condition granted to it by these Covenants and Restrictions, or any other mentioned document, shall not constitute a waiver of its right to enforce such of these Covenants and Restrictions in the future.

The St. Johns River Water Management District shall have the right to enforce, by a proceeding at law or in equity, the provisions contained in the Covenants and Restrictions which relate to the maintenance, operation and repair of the surface water or stormwater management system.

Section 13.2. In the event that any part of these Covenants and Restrictions be adjudged, for any reason, by a Court of competent jurisdiction to be null and void, said judgment shall not in any manner whatsoever affect, modify, change, abrogate, or nullify any of the Covenants and Restrictions not so expressly held to be void and these covenants shall continue unimpaired and in full force and effect.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed in its name and under its corporate seal this 1st day of July, 1997.

Witnesses:

Terrill L. Kopp
TERRILL L. KOPP

Linda A. Kopp
LINDA A. KOPP

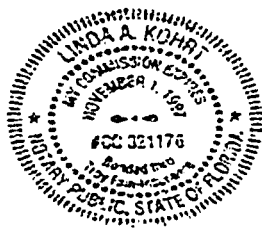
FLAGLER FAIRCHILD OAKS, INC.,
a Florida Corporation

By: James Eugene White
James Eugene White, President

STATE OF FLORIDA
COUNTY OF VOLUSIA

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to administer oaths and take acknowledgments, personally appeared JAMES EUGENE WHITE, President of FLAGLER FAIRCHILD OAKS, INC., a Florida corporation, known to me personally known to me and is the person described in and who executed the foregoing DECLARATION OF COVENANTS AND RESTRICTIONS, FLAGLER FAIRCHILD OAKS INC., FLAGLER COUNTY, FLORIDA, AND NOTICE OF PROVISIONS OF FLAGLER FAIRCHILD OAKS HOMEOWNERS' ASSOCIATION, INC., and he acknowledged before me that he executed the same for the purposes therein expressed.

WITNESS my hand and official seal in the County and State last aforesaid, this 1st day of July, 1997.



Linda A. Kohrt
Notary Public, State of Florida
at Large
My Commission Expires: 11/1/97

EXHIBIT "A"
TO
DECLARATION OF COVENANTS AND RESTRICTIONS
FAIRCHILD OAKS
LEGAL DESCRIPTION

THAT WESTERLY PORTION OF LOT 6, BULOW GRANT, SECTION 38, TOWNSHIP 12 SOUTH, RANGE 31 EAST, FLAGLER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

FROM A POINT OF REFERENCE, BEING THE CORNER OF THE VOLUSIA COUNTY/ FLAGLER COUNTY LINE AT ITS INTERSECTION WITH THE CENTERLINE OF OLD KINGS ROAD, A 100 FT. ROAD RIGHT-OF-WAY AS ESTABLISHED SAID POINT OF INTERSECTION BEING ALSO THE SOUTHWEST CORNER OF SAID BULOW GRANT, RUN THENCE N 73° 22' 01" E ALONG SAID COUNTY LINE AND SOUTHERLY GRANT LINE A DISTANCE OF 50.04 FEET TO ITS INTERSECTION WITH THE EASTERLY RIGHT-OF-WAY LINE OF OLD KINGS ROAD; THENCE N 14° 26' 31" W ALONG SAID EASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 1216.03 FEET TO A POINT THEREON; THENCE N 14° 35' 31" W. CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 484.66 FEET TO THE POINT OF BEGINNING OF THE LAND TO BE DESCRIBED; THENCE N 14° 35' 31" W. CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 720.07 FEET TO A POINT OF CURVATURE THEREOF; THENCE CONTINUE NORTHERLY AND TO THE RIGHT ALONG SAID CURVED EASTERLY RIGHT-OF-WAY LINE, BEING CONCAVE EASTERLY AND HAVING A RADIUS OF 5655.61 FEET AND A CENTRAL ANGLE OF 01° 15' 49", AN ARC DISTANCE OF 124.73 FEET TO THE POINT OF TANGENCY THEREOF; THENCE N 13° 18' 42" W. CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 489.80 FEET TO A POINT OF CURVATURE THEREOF; THENCE CONTINUE NORTHERLY AND TO THE LEFT ALONG THE SAID CURVED EASTERLY RIGHT-OF-WAY LINE, BEING CONCAVE WESTERLY AND HAVING A RADIUS OF 2916.31 FEET AND A CENTRAL ANGLE OF 07° 04' 37", AN ARC DISTANCE OF 360.21 FEET; THENCE DEPARTING AFORESAID EASTERLY RIGHT-OF-WAY LINE OF OLD KINGS ROAD N 75° 38' 37" E. A DISTANCE OF 1190.34 FEET TO A POINT THEREON; THENCE S 13° 21' 23" E, A DISTANCE OF 909.78 FEET TO A POINT THEREON; THENCE N 76° 26' 43" E, A DISTANCE OF 1161.15 FEET TO A POINT THEREON; THENCE S 13° 21' 23" E, A DISTANCE OF 430.00 FEET TO A POINT THEREON; THENCE S 67° 50' 43" W. A DISTANCE OF 2340.33 FEET TO ITS INTERSECTION WITH AFORESAID EASTERLY RIGHT-OF-WAY LINE OF OLD KINGS ROAD AND THE POINT OF BEGINNING; THE ABOVE DESCRIBED PARCEL CONTAINING 56.79 ACRES, MORE OR LESS.

EXHIBIT "B"
ARTICLES OF INCORPORATION
FLAGLER FAIRCHILD OAKS
HOMEOWNERS' ASSOCIATION, INC.
(A Non-Profit Florida Corporation)

OFF REC 0586 PAGE 1742

ARTICLE I

NAME - LOCATION

The name of this corporation is Flagler Fairchild Oaks Homeowners' Association, Inc., a non-profit corporation, sometimes hereinafter called the "ASSOCIATION". The address of the corporation is 3 John Bulow Circle, Flagler Beach, Florida 32136, and the legal description of the land upon which Fairchild Oaks is planned to be developed is contained in Exhibit "A" attached hereto.

ARTICLE II

PURPOSE

The general nature of the business to be transacted is as follows:

(a) To manage the Association of lot owners established by the Declaration of Covenants and Restrictions, Fairchild Oaks.

(b) To enforce the Declaration of Covenants and Restrictions pertaining to Fairchild Oaks.

(c) To carry out all duties placed upon it by the aforesaid Declaration, and in connection therewith, the corporation shall have all corporate powers permitted under said Declaration and under Florida law and specifically the power, with consent of a majority of the members, to merge or consolidate with other Homeowners associations.

(d) The corporation shall have a lien on all lots in the subdivision to secure the payment of all charges and assessments and the performance of all covenants under the terms of these Articles of Incorporation, the By-Laws and the Declaration of Covenants and Restrictions, Fairchild Oaks.

(e) No part of the income of this corporation shall be distributed to its members directors or officers.

(f) Duties.

The Association shall maintain the signage, landscaping, and the surface water or stormwater management system(s) in a manner consistent with the St. Johns River Water Management District Permit No. requirements and applicable District rules, and shall assist in the enforcement of the Declaration of Covenants and Restrictions which relate to the surface water or stormwater management system contained herein.

(g) Powers .

The Association shall levy and collect adequate assessments against members of the Association for the costs of maintenance and operation of the signage, landscaping and surface water or stormwater management system.

ARTICLE III**MEMBERSHIP**

Every person or entity who is or becomes a record owner of any lot in Committed Property as that term is described in Section 1.2 of the Declaration of Covenants and Restrictions (Declaration) executed by James Eugene White, Developer of the subdivision, and referred to herein as "Declarant", and recorded in the Public Records of Flagler County, Florida, shall be a member of the Association. Declarant, the Developer, shall also be a member of the Association as long as it owns any lots in the Committed Property. Membership is solely for those having a fee simple ownership interest and is not intended to and shall not include any persons or entities who hold an interest in real property merely as security for the performance of an obligation. All memberships in the Association shall be automatic and mandatory and shall terminate automatically when a member becomes divested of a fee simple ownership interest in property in the subdivision.

When a corporation or partnership is the owner of a lot, the membership privilege shall be exercised by only one (1) individual being the one designated by the entity to cast its vote as hereinafter provided.

ARTICLE IV**VOTING RIGHTS**

Initially there shall be one hundred and twelve (112) votes in the number of votes in the Association, one for each lot in the property committed to the terms of the Declaration. If additional property is committed to the Declaration, the number of votes shall increase, as each additional property is committed, by the number of lots in the additional Committed Property. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be owners, other than the Declarant (as defined in the Declaration), and shall be entitled to one vote for each lot owned. When more than one person holds an interest in a lot, all such persons shall be members; however, only one shall be entitled to vote. All of the owners shall designate one of the owners to vote for the lot. Such designation shall be in writing and shall be filed with the Association. When a lot is owned by a corporation, partnership, or other business entity, the entity shall designate one individual to vote for the lot. In the case of a corporation, the one designated shall be an officer of the corporation, and in the case of a partnership, the one designated shall be a partner. Such designation shall be in writing and shall be filed with the Association. In no event shall more than one vote be cast for any lot.

Class B. The Class B member(s) shall be the Declarant, and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership upon the happening of either of the following events, whichever shall first occur:

- (a) when the total votes outstanding in the Class A membership equal the total outstanding in the Class B membership, or
- (b) five years following the date of conveyance of the first lot by Declarant.

ARTICLE V

ASSESSMENTS

The assessments shall be used for the maintenance and repair of the stormwater management system, signage, and landscaping.

ARTICLE VI

EXISTENCE AND DURATION

Existence of the Association shall commence with the filing of these Articles of Incorporation with the Secretary of State, Tallahassee, Florida. The Association shall exist in perpetuity.

ARTICLE VII

OFF REC 0586 PAGE 1745

SUBSCRIBERS

The name and residence address of each subscriber to these Articles of Incorporation is:

| <u>Name</u> | <u>Address</u> |
|--------------------|---|
| James Eugene White | 3 John Bulow Circle Flagler Beach, Florida 32136 |
| Sarah Ellen White | 3 John Bulow Circle Flagler Beach, Florida 32136 |

ARTICLE VIII

MANAGEMENT

The affairs and property of this corporation shall be managed and governed by a Board of Directors composed of not less than three (3) nor more than nine (9) persons. The Directors shall be elected by the voting membership at the annual meetings of the membership in the manner provided in the By-Laws. The Directors may be removed and vacancies in the Board filled in the manner provided in the By-Laws.

The initial Board of Directors shall consist of three (3) persons, who need not be members entitled to vote in the Association and who shall be appointed by Declarant. The initial Board of Directors named in these Articles shall serve until the lot owners, other than Declarant, are entitled to elect the Directors in the manner set forth herein. Vacancies in the initial Board of Directors appointed by Declarant may be filled by Declarant. After the election of the Board of Directors by the lot owners other than Declarant, vacancies occurring between annual meetings of the membership shall be filled by the remaining Directors.

At such time as the number of Class A votes exceeds the number of Class B votes, or at such earlier time as Declarant may determine, the number of persons on the Board of Directors shall automatically be increased to nine (9) persons. The members, other than Declarant, shall be entitled to elect a majority of the Board of Directors, and the Board of Directors shall call a special meeting for that purpose.

Directors shall be elected by the voting members in accordance with the By-Laws at the regular annual meeting of the membership of the corporation to be held on the first Monday of December of each year or on such other date as may be set by the vote of a majority of the members.

All officers shall be elected by the Board of Directors in accordance with the By-Laws at the annual meeting of the Board of Directors to be held immediately following the annual meeting of the membership. The Board of Directors shall elect or appoint at the times and in the manner set forth in the By-Laws a President, Vice President, Secretary, Treasurer, and such other officers as it may deem desirable.

ARTICLE IX

BOARD OF DIRECTORS

The number of persons constituting the first Board of Directors shall be three (3). The names and addresses of the persons who are to serve as Directors until their successors are chosen are:

| <u>Name</u> | <u>Address</u> |
|----------------------|---|
| James Eugene White | 3 John Bulow Circle Flagler Beach, Florida 32136 |
| Sarah Ellen White | 3 John Bulow Circle Flagler Beach, Florida 32136 |
| James Ronnie Bledsoe | 2555 South Atlantic Avenue #1801 Daytona Beach Shores, Florida 32118 |

ARTICLE X

FIRST OFFICERS

The names of the officers who are to serve until the first election or appointment under these Articles of Incorporation are:

| <u>Name</u> | <u>Office</u> |
|--------------------|------------------------------|
| Sarah Ellen White | President and Secretary |
| James Eugene White | Vice-President and Treasurer |

ARTICLE XI

BY-LAWS

The initial By-Laws of this corporation may be adopted by the subscribers hereto and may be altered, amended or revised by recording such modification in the Public Records of Flagler County, Florida, signed by James Eugene White and Sarah Ellen White, all of the subscribers to these Articles of Incorporation who are the initial Board of Directors or their successors as provided herein. In the event said subscribers shall no longer be qualified as members, then alteration, amendment or revisions shall be by the vote of a majority of the unit owners at any annual meeting or at a special meeting called for that purpose, and such alteration, amendment or revision shall be approved in writing by all owners and holders of all mortgages or liens on lots.

ARTICLE XII

AMENDMENT OF ARTICLES OF INCORPORATION

All of the subscribers to these Articles of Incorporation or their successors, as all of the members of the corporation, may amend the Articles of Incorporation provided that at such time as said subscribers no longer qualify as members, then these Articles of Incorporation may be amended by the vote of a majority of the then record owners of lots within Committed Property at any annual members meeting or at a special meeting called for that purpose.

ARTICLE XIII

DISSOLUTION LANGUAGE

The Association may be dissolved only with the consent in writing by the owners and holders of all mortgages or liens on any lots, by the County of Flagler, and by two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to a non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

In the event of termination, dissolution or final liquidation of the Association, the responsibility for the operation and maintenance of the surface water or stormwater management system must be transferred to and accepted by an entity which would comply with Section 40C-42.027, F.A.C., and be approved by the St. Johns River Water Management District

ARTICLE XIV

SEVERABILITY

Invalidation of any of these Articles or portions thereof by judgement, court order, or operation of law shall in no way affect other provisions, which shall remain in full force and effect.

ARTICLE XV

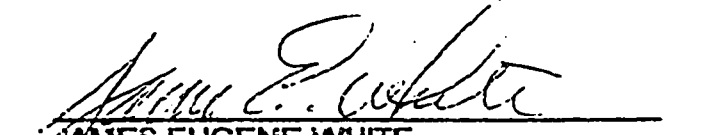
INITIAL REGISTERED OFFICE AND AGENT

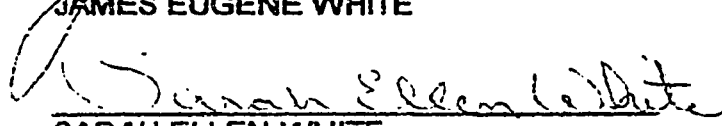
The street address of the initial registered office of this corporation is 3 John Burow Circle, Flagler Beach, Florida 32136, and the name of the initial registered agent of this corporation at that address is James Eugene White.

INDEMNIFICATION

The Association shall indemnify any officer, director, or committee member or any former officer, director or committee member to the full extent permitted by law.

THE UNDERSIGNED, being the original subscribers to these Articles of Incorporation, do hereby make, subscribe, acknowledge and file these of July 1, 1997.

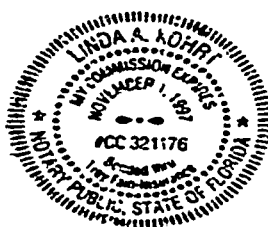

JAMES EUGENE WHITE


SARAH ELLEN WHITE

STATE OF FLORIDA
COUNTY OF VOLUSIA

I HEREBY CERTIFY that before me this day personally appeared JAMES EUGENE WHITE and SARAH ELLEN WHITE, to me known and known to me to be the individuals described in and who executed the foregoing Articles of Incorporation and they acknowledged before me that they executed the same for the purposes therein expressed.

WITNESS my hand and official seal in the County and State named above this 1st day of July, 1997.



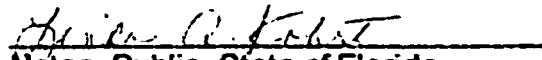
 (SEAL)
Notary Public, State of Florida
My Commission Expires: 11/1/97
My Commission No.: CC 321176

EXHIBIT "C"
BY-LAWS
FLAGLER FAIRCHILD OAKS
HOMEOWNERS ASSOCIATION, INC.

OFF REC 0586 PAGE 1750

1. GENERAL

1.1 These are the By-Laws of FLAGLER FAIRCHILD OAKS HOMEOWNERS' ASSOCIATION, INC., a Florida non-profit corporation (hereinafter "the Owners Association").

1.2 The fiscal year of the Owners Association shall be the calendar year.

1.3 The seal of the Owners Association shall bear the name of the corporation, the word "Florida" and the words "corporation not-for-profit", and the year of the incorporation.

1.4 Fairchild Oaks shall hereinafter be referred to as the "Subdivision".

2. MEMBERSHIP. VOTING QUORUM. PROXIES

2.1 There shall be only one member for each Lot. As used herein and in the Articles of Incorporation, the term "Lot" means platted Subdivision Lots. There shall be only one vote for each Lot. In no event shall the total number of votes exceed the number of Lots within the Subdivision. One vote shall pass automatically with the title to each Lot, except when a dwelling has been built on two Lots in such a manner that no additional dwelling may be built on either of said Lots; then in such circumstances the owner shall pay a single monthly assessment and shall be entitled to one vote. James Eugene White (hereinafter referred to as the "Developer") reserves for itself and designated successor Developers, the right to exercise all votes with respect to Lots still owned by Developer. If title to any Lot is held by more than one person or entity, such title holders must, before the meeting begins, inform the Owners Association secretary which one of the title holders is to exercise the vote or votes. Failure to so inform the Owners Association secretary may, at the discretion of the Owners Association president, preclude the applicable vote or votes from being counted.

2.2 At members' meetings, if 51% of the votes eligible to vote in an Owners Association meeting are either present at the meeting or represented at the meeting by proxy, it shall constitute a quorum. A voting majority at a members' meeting shall consist of 51% of the votes represented at the meeting by the presence of the title holder or by proxy, unless otherwise specified herein or in the Articles of Incorporation.

2.3 Proxies. At meetings of the membership, votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the secretary before the appointed time of the meeting. A member may withdraw his proxy at any time before it is voted.

3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

3.1 The first Annual Members' Meeting shall be held within ninety (90) days after the total number of votes held in the name of Developer (or in the name of any other builder who has purchased Lots in the Subdivision with the intent of constructing residential housing units constitutes less than 75% of the aggregate total of all votes which, at that time, qualify to be voted in the election of Directors. The purpose of the first annual meeting shall be for the Developer to designate seventy-five percent (75%) of the Directors and for the members to elect up to twenty-five percent (25%) of the Directors and to transact any other business authorized to be transacted by the members. Thereafter, the Annual Members' Meeting shall be held annually on the same day of the same month as the first Annual Members' Meeting, for the purpose of designating and electing Directors and transacting any other business authorized to be transacted by the members; provided, however, that (a) if that date is a legal holiday, the meeting shall be held at the same hour on the next day that is not a holiday; and (b) the date of the annual meeting may be changed by the Board of Directors. Nothing herein shall prohibit Developer from voting in the election of up to twenty-five percent (25%) of the Directors.

3.2 A Special Members Meeting shall be held whenever called by the president or vice-president or by a majority of the Board of Directors and must be called by such officers upon receipt of a written request signed by one-third of the members.

3.3 Written notice of all members meetings, including annual meetings stating a time and place and the object for which the meeting is called, shall be given by the president, vice-president or secretary unless waived in writing. Such notice shall be delivered or mailed by first class mail to each member at his address as it appears on the books of the Association, not less than ten (10) days nor more than thirty (30) days prior to the date of the meeting. Notice of meetings may be waived before or after meetings.

3.4 In the absence of a quorum at any meeting, the members present may adjourn the meeting from time to time until a quorum is present.

3.5 At the Annual Members Meetings and as far as applicable and practical at other members meetings, the order of business shall be:

- a. Calling of the roll and certifying proxies.
- b. Proof of notice of meeting.
- c. Reading and approval of minutes.
- d. Reports of officers and committees.
- e. Election of inspectors of election.
- f. Election of up to 25% of Directors.
- g. Designation of 75% of Directors by Developer.
- h. Unfinished business.
- i. New business.

3.6 Written minutes of all Members' Meetings shall be kept and be available for inspection by members and Directors at all reasonable times.

4. BOARD OF DIRECTORS PRIOR TO TURNOVER

4.1 The Board of Directors of the Owners Association for a period of thirty (30) years or until such time as the Developer voluntarily turns over the Owners Association to the members, whichever occurs first, shall consist of not less than three (3) nor more than nine (9) natural persons, some designated by the Developer and some elected by the members. If turnover has not already occurred, all control of the Owners Association shall be turned over to the members automatically as of the first day of the thirty-first year of the Owners Association's existence.

4.2 During the period prior to turnover, at least 75% of the Directors shall be designated by the Developer, and up to 25% of the Directors shall be elected by the members. The Developer shall designate Directors at the Annual Members' Meeting and then up to 25% of the Directors who are elected by the members shall be elected according to the procedures of 5.2 below.

5. BOARD OF DIRECTORS AFTER TURNOVER

5.1 After the Developer turns over the Owners Association, the Board shall no longer be determined as per Article 4 above, but shall be elected as set forth in this Article 5. The Board of Directors of the Owners Association shall consist of not less than three nor more than nine Directors, the exact number to be determined at the time of the election.

5.2 Election of Directors shall be conducted in the following manner:

a. Election of Directors shall be conducted at the Annual Members'.

b. A Nominating Committee of five (5) members shall be appointed by the Board of Directors not less than thirty (30) days prior to the Annual Members' Meeting. The Committee shall nominate one person for each director to be elected. Nominations for additional directorships created at the meeting shall be made from the floor, and other nominations may be made from the floor.

c. The elections shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of the votes.

6. DIRECTORS TERM; MEETINGS

6.1 The term of each Director's service shall extend until the next annual meeting of the members and subsequently until a successor is duly designated or elected and qualified or until he is removed in the manner elsewhere provided herein.

6.2 The Organizational Meeting of a new Board of Directors may, at the Board's discretion, be held immediately following the Annual Members' Meeting, but must be held within fifteen (15) days thereafter at such place and time as shall be fixed by the Directors at the meeting at which they were designated or elected, and no further notice of the organizational meeting shall be necessary.

6.3 Regular Meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director personally or by mail, telephone or telefax, at least three (3) days prior to the date named for such a meeting, unless notice is waived.

6.4 Special Meetings of the Directors may be called by the president, and must be called by the secretary at the written request of one-third of the Directors. Not less than three (3) days written notice of the meeting shall be given personally or by mail, telephone or telefax, which notice shall state the time, place and purpose of the meeting.

6.5 Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

6.6 A quorum at Directors' meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting in which a quorum is present shall constitute the acts of the Board of Directors, except where approved by a greater number of Directors is required by the Articles of Incorporation or by these By-Laws.

6.7 The Presiding Officer of Directors' meetings shall be the president. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

6.8 Meetings of the Board of Directors shall be open to all owners of Lots and Dwelling Units and notice of meeting shall be posted conspicuously, forty-eight (48) hours in advance for the attention of owners except in an emergency. Minutes of all Board meetings shall be kept in a businesslike manner and available for inspection by lot owners at all reasonable times.

7. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 All of the powers and duties of the Owners Association shall be exercised by the Board of Directors, including those existing under common law and the statutes, the Articles of Incorporation and these By-Laws, and without limiting the generality of the foregoing, the following:

a. To make, levy and collect assessments against members and members' lots to defray the costs of the Owners Association and to use the proceeds of said assessments in the exercise of the powers and duties of the Owners Association.

b. To make and amend regulations governing the use of the property, real and personal, of the Owners Association so long as its regulations do not conflict with the Declaration of Covenants and Restrictions, the Articles of Incorporation and these By-Laws.

c. To employ such personnel as may be required for the proper operation of the Owners Association.

8. OFFICERS

8.1 The executive officers of the Owners Association shall be a president, a Vice-president and a secretary/treasurer, each of whom shall be elected annually by the Board of Directors at its organizational meeting and each of whom may be removed by vote of the Directors at any meeting. Any person, other than the president, may hold two or more offices. The Board of Directors may from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Owners Association.

8.2 The president shall be the chief executive officer of the Owners Association. He shall have all of the powers and duties which are usually vested in the office of president of an association including, but not limited to, the power to appoint committees from among the members of the Owners Association from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Owners Association.

8.3 The vice-president shall in the absence or disability of the president exercise the powers and perform the duties of the president. He shall also generally assist the president and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

8.4 The secretary/treasurer shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and other notices required by law. He shall keep the records of the Owners Association and shall perform all other duties incident to the office of secretary of an association required by the directors or the president. Nothing herein shall preclude the Owners Association from retaining or hiring a bookkeeper or accountant to keep or assist in keeping the Owners Association's books and records.

9. FISCAL MANAGEMENT. The provisions for fiscal management of the Owners Association are set forth in the Declaration of Covenants and Restrictions and the Articles of Incorporation and shall be supplemented by the following provisions:

9.1 The assessment roll shall be maintained in a set of account books in which there shall be an account for each Lot and each Dwelling Unit. Such an account shall designate the name and address of the owner or owners, the amount of each assessment against the

owners, the dates and amounts in which assessments come due the amounts paid upon the account and the balance due upon assessments.

9.2 Budget. The Board of Directors shall adopt a budget for each calendar year which shall include the estimated funds required to defray the common expenses and to provide and maintain funds for the foregoing accounts and adequate reserves according to good business practices. Copies of the proposed annual budget, together with a notice of the meeting at which such budget will be considered, shall be transmitted to each member not less than twenty (20) days prior to the meetings. Failure to do so shall not affect the liability of any member for payment of his proportionate share of the budget. Each Director may designate a member to serve on a Homeowners Budgetary Committee, said Committee to provide its members with an awareness of the Owners Association's fiscal management that can groom these committee members for knowledgeable direction of fiscal matters of the Owner Association at the time the Developer turns over the Owners Association to owners or at such times as all Directors are elected. This Committee may serve in a budgetary advisory capacity and each appointee shall remain a member of this Committee as long as that member and the Director making the appointment shall desire.

9.3 Assessments. Assessments against Lots and the Lot owners for their share of the items of the budget shall be made for the calendar year annually in advance on or before December 1 in the year preceding the year for which the assessments are made. Such assessments shall be due in twelve (12) equal monthly installments on the first day of each month of the year for which the assessments are made. The Board of Directors may elect to bill and collect such assessments quarterly rather than monthly. If an annual assessment is not made as required, assessments shall be presumed to have been made in the amount of the last prior assessment and installments on such assessment shall be due upon each installment date until changed by an amended assessment. In the event the annual assessment proves to be insufficient, the budget and assessments for the remaining portion of the calendar year for which the amended assessment is made shall be due and payable in equal installments on the first day of each month remaining in the calendar year.

9.4 Acceleration of Assessment Installments Upon Default. If a member shall be more than thirty (30) days late in the payment of an installment upon an assessment, it shall be a default and the Board of Directors may accelerate the remaining installments of the assessment upon notice to the Owner and then the unpaid balance of the assessment shall become due upon the date stated in the notice, but not less than ten (10) days after physical delivery of the notice to all owners, or not less than twenty (20) days after the mailing of such notice to him by certified mail, whichever shall first occur. The assessment is a lien and subject to foreclosure.

9.5 Assessments for Emergencies. Assessments for common expenses for emergencies that cannot be paid from the annual assessments for common expenses shall be made only after notice and explanation of the need for such is given to the owners and the Directors. After such notice and upon approval by the Board of Directors, the assessment

shall become effective, and it shall be due after thirty (30) days notice in such manner as the Board of Directors may require.

9.6 The depository of the Owners Association shall be such bank or banks as shall be designated by the Directors from time to time and in which the monies of the Owners Association shall be deposited. Withdrawal of monies from such accounts shall be only by check signed by such persons as are authorized by the Directors.

9.7 A review of accounts of the Owners Association shall be made annually and a copy of the review report shall be available to each member not later than the second Monday in February of the year following the year for which the report is made.

9.8 Written summaries of the accounting records of the Owners Association shall be supplied at least annually to each member.

10. PARLIAMENTARY RULES

10.1 Sturgis' Rules of Order (latest edition) shall govern the conduct of Owners Association meetings when not in conflict with the Articles of Incorporation or these By-Laws. Variances from said rules, however, shall not void or be a basis for voting action taken at an Owners Association meeting unless the variance is so substantial that it cannot be determined if, in fact, the action was approved by the number of votes required herein or in the Articles of Incorporation.

11. AMENDMENTS. These By-Laws may be amended in the following manner.

11.1 Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

11.2 A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members of the Owners Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, providing such approval is delivered to the secretary at or prior to the meeting. Except as elsewhere provided, such approval must be by:

a. Not less than sixty-five percent (65%) of the entire membership of the Board of Directors and by not less than fifty-one percent (51%) of the votes of the entire membership of the Owners Association; or


b. Not less than seventy-five percent (75%) of the members of the Owners Association.

11.3 Provided, however, that no amendment shall discriminate against any owner nor against any class or group of owners unless the owner so affected shall consent. No amendment shall be made that is in conflict with the Owners Association Articles of Incorporation, or the Subdivisions Declaration of Covenants and Restrictions.

12. RECORDS OF OWNERS ASSOCIATION

12.1 All of the books and records of the Owners Association shall be kept in a businesslike manner and shall be available for inspection by any member at reasonable times.

The foregoing were adopted as the By-Laws of FLAGLER FAIRCHILD OAKS HOMEOWNERS ASSOCIATION, INC., a corporation not-for-profit under the laws of the State of Florida, at the first meeting of the Directors and/or by written action on the 1st day of *July* 1997.


Sarah Ellen White
Secretary

RT: GENE WHITE
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