

**MATANZAS SHORES OWNERS ASSOCIATION, INC.**

**DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS**



MANAGEMENT GROUP INC.

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To the best of our knowledge, the Association documents attached are complete as of January 31, 2008. Prospective buyers may also want to contact the property owner of record (seller) to obtain any additional information that may have been added to these documents after January 31, 2008.

DECLARATION OF COVENANTS, CONDITIONS, AND  
RESTRICTIONS FOR MATANZAS SHORES

This Declaration of Covenants, Conditions, and Restrictions for Matanzas Shores is made this 23rd day of August, 1989, by ITT COMMUNITY DEVELOPMENT CORPORATION, (hereinafter referred to as "Declarant");

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W I T N E S S E T H

Declarant is the owner of the real property described in Exhibit "A" attached hereto and incorporated herein by reference or executes this Declaration with the consent of the owners of any real property described in Exhibit A not now owned by Declarant. Declarant intends by this Declaration to impose upon the Exhibit "A" property mutually beneficial restrictions under a general plan of improvement and development for the benefit of all owners of property within Matanzas Shores. Declarant desires to provide a flexible and reasonable procedure for the overall development of the property and the interrelationships of the component residential associations and other areas, and to establish a method for the administration, maintenance, preservation, use, and enjoyment of such property as is now or may hereafter be submitted to this Declaration.

The Declarant's present intention, stated here for information of present intent only and not as a warranty or representation of a future fact, is to develop Matanzas Shores with residential units types of different designs and construction. These may include, by way of example and not limitation, condominium units, townhouse dwellings, individually owned single family lots upon which residences may be built, timeshares, cooperatives, and rental apartments. Additionally, the Declarant intends to include a limited amount of commercial space which will be subjected to the jurisdiction of the Association as defined herein and the terms of this Declaration. This Declaration, the Articles of Incorporation and the By-Laws recorded herewith set out the method of administration for the community.

NOW, THEREFORE, Declarant hereby declares that all of the property described in Exhibit "A" and any Additional Property as may by subsequent amendment be added and subjected to this Declaration shall be held, sold, and conveyed subject to the following easements,

Res covenants, covenants, and conditions which are for the purpose of protecting the value and desirability of and which shall run with real property submitted to this Declaration and which shall be binding on all parties having any right, title, or interest in the described properties or any part thereof, their heirs, successors, successors in-title, and assigns, and shall inure to the benefit of each owner thereof.

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Article I  
Definitions

Section 1. "Apartment Building" shall mean an area of the Properties equal to or smaller than a Parcel which is developed as a structure, including a duplex, containing two or more Residential Units under one roof, except when each such Residential Unit is situated upon its own platted lot or is a condominium unit, timeshare interest, or dwelling in a cooperative building.

Section 4. "Association" shall mean and refer to the Matanzas Shores Owners Association, Inc. a Florida Corporation Not for Profit, its successors and assigns. The Association is not a condominium association.

Section 5. "Board of Directors" - "Board" shall be the elected body of the Association having its normal meaning under the Florida Law pertaining to Nonprofit corporations.

Section 6. "Parcel Developer" shall mean a person who purchases a Parcel or portion of a Parcel solely for the purpose of development and sale to third parties.

Section 7. "Commercial Unit" shall mean a portion of the Properties which is designated by the Declarant in Exhibit D for use for commercial purposes. To the extent provided herein, Commercial Units shall be subject to the provisions of this Declaration. Owners of Commercial Units and their business invitees shall have, to the extent provided herein, the same easements, rights of ingress and egress, use rights. ADD other similar rights of other owners. Commercial Units and the development on Parcels designated as Commercial Units shall be aesthetically compatible with the overall residential nature of the community.

For the purposes of Assessments provided for by this Declaration, a Commercial Unit shall come into existence either upon the issuance

of a Certificate of Occupancy issued by the local government entity having jurisdiction for the structure(s) located on the Parcel designated as a Commercial Unit or substantial completion of such structure(s) if the appropriate local governmental entity ceases for any reason to issue Certificates of Occupancy. Solely for the purpose of Assessments, each Commercial Unit shall be assessed for each class of Assessment to which the Unit is subject with an amount determined by multiplying the applicable assessment rate times the multiplier for the commercial use to be placed on the unit set out in Exhibit E.

For voting purposes, a "Parcel" designated as a Commercial Unit (whether vacant land, land on which improvements are under construction, or land on which structures have been completed) shall have one (1) vote in all matters provided for in this Declaration, the Articles and the By-Laws.

Section 8. "Common Area" shall mean all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners.

Section 9. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association and the community, including any reasonable reserve, all as may be imposed hereunder or found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation.

Section 10. "Condominium Unit" shall mean a "condominium unit," "apartment," or "dwelling," as defined in the Florida Condominium Act Chap. 718 Fl. Stat. or any similar Florida statute hereafter enacted.

Section 11. "Declarant" shall mean ITT Community Development Corporation and, as the context requires, its wholly owned subsidiary, Palm Coast Construction Company, or their successors in title or assigns who take title to any portion of the Property described in Exhibit A for the purpose of development and sale and who are designated as such by the Declarant hereunder in a recorded instrument executed by the immediately preceding Declarant.

Section 12. "Declarant Control Period" shall mean that period during which the Declarant retains its Class B Membership in the Association.

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Section 13. "Development Order" shall mean Resolution 85-2 of the Flagler County Commission, adopted on February 21, 1985.

Section 14. "Matanzas Shores Development of Regional Impact" shall mean the total project proposed by the Application for Development Approval originally filed on June 29, 1984 and as permitted under the Development Order defined above.

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Section 15. "Member" shall mean and refer to a Person entitled to membership in the Association, as provided herein.

Section 16. "Modifications Committee" shall mean that certain committee of the Association as empowered in accordance with Article VIII, Section 2, hereof.

Section 17. "Mortgage" shall include a deed of trust, as well as a mortgage, and a "first mortgage" is a first priority deed of trust or mortgage.

Section 18. "Mortgagee" shall include a beneficiary or holder of a deed of trust, as well as a mortgagee. A "first mortgagee" is the holder of a first priority deed of trust or mortgage on a Lot or Residential Unit.

Section 19. "Mortgagor" shall include the grantor of a deed of trust, as well as a mortgagor.

Section 20. "New Construction Review Board" shall mean that certain board as empowered in accordance with Article X, Section 1, hereof.

Section 21. "North Tract" shall mean the portion of the Matanzas Shores Development of Regional Impact described as such in Exhibits A and B.

Section 22. "North Tract Assessments" shall mean those assessments levied by the Association for services and maintenance provided exclusively for Members who are Owners of a Residential Unit located in the North Tract.

Section 23. "Occupant" shall mean and refer to any Person occupying a Residential Unit other than the record Owner of that Residential Unit and immediate family members of such Owner.

Section 24. "Owner" shall mean and refer to the record owner, whether one or more Persons, of any Residential or Commercial Unit which is part of the Properties, but excluding in all cases any party

holding an interest merely as security for the performance of an obligation. For the purpose of this definition, the Owner of a Parcel or portion of a Parcel on which an Apartment Building is located shall be the record owner of the Apartment Building, buildings, or structures. The Owner of a Parcel or portion of a Parcel on which a cooperative, if any, is located shall be the cooperative shareholders whose interests shall be allocable as their leasehold interest might otherwise be allocable.

Section 25. "Parcel" shall mean and refer to the designated subdivisions of the Property subject to this Declaration as shown on Exhibits B and D, intended by the Declarant for a specific type of residential or commercial development. As shown in Exhibit D the Declarant has initially assigned each of the designated Parcels a certain number of total Residential Units permitted for that Parcel or in the case of Parcels designated for commercial use, a total square footage of improvements that may be constructed on the Parcel.

Section 26. "Parcel Assessments" shall mean assessments for common expenses which are used for the purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners within a specific Parcel, including, but not limited to, maintenance of property within a given Parcel, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized below.

Section 27. "Parcel Association" shall mean a condominium association, homeowners association or other recognized organization elected or appointed to govern the operation of a designated Parcel within the Property.

Section 28. "Parcel Committee" means a group of not more than five (5) persons who are owners of units within a designated parcel not having a Parcel Association elected by all of the members who are owners within that designated Parcel to represent the parcels interest in dealings with the Association.

Section 29. "Person" means a natural person, a corporation, a partnership, trust, or other recognized entity legally capable of holding title to real property under the law of the State of Florida.

Section 30. "Property or Properties" shall mean and refer to the real property described in Exhibit "A" attached hereto and shall further refer to any additional real property as may hereafter be annexed to the Property pursuant to this Declaration.

Section 31. "Residential Unit" shall mean any portion of the Properties intended for use and occupancy as a residence by a single household and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) single family detached houses, single family attached homes (such as townhomes and condominium units) apartments (including cooperative apartments), patio or zero lot line homes, and Timeshare Units as may be developed or used on the Properties. The term "Residential Unit" shall not include any Commercial Unit.

For the purposes of Assessments provided for by this Declaration, a newly constructed Residential Unit shall come into existence when the local building official issues a certificate of occupancy for that Unit or when substantially complete, if the local government ceases, for any reason, the issuance of Certificates of Occupancy.

For Voting purposes, a Parcel (whether vacant land, land on which improvements are under construction, or land on which structures have been completed) shall be "deemed" to contain the number of Residential Units designated for such Parcel on Exhibit D or a final site plan approved by the local government entity having jurisdiction of such approval, whichever is more recent, until such time as a certificate of occupancy is issued on all or a portion thereof by the local government entity having jurisdiction, after which the portion designated in the certificate of occupancy shall constitute a separate Residential Unit or Units as determined above and the number of Residential Units on the remaining land, if any, shall continue to be determined in accordance with this paragraph.

Section 32. "Sea Colony or Sea Colony HOA" shall mean the Parcel or Parcel Association (as the context requires) already subject to a Declaration of C&R's recorded at O.R. 275, Pages 150-233 and located on a portion of the South Tract.

Section 33. "South Tract" shall mean the portion of the Matanzas Shores Development of Regional Impact described as such in Exhibits A and B.

Section 34. "Timeshare Unit" shall mean the physical Residential Unit (of whatever type) subject to any form of timeshare plan as defined in Article XIII hereof and as provided for under Florida Law.

Section 35. "Voting Member" shall mean the representative selected by the Members who are Owners of land in a certain Parcel responsible for casting all votes attributable to Residential or Commercial Units in the Parcel for the election of Directors, amending this Declaration, the Articles or the By-Laws and all other matters provided for in this Declaration and in the Articles and By-Laws. The Voting Member from each Parcel shall be the senior elected officer (i.e. chairperson of the Parcel Committee or President of the Parcel Association) from the Parcel. In the case of a Commercial Unit within a Parcel, the Voting Member shall be the Person designated by the Owner of the Commercial Unit.

## Article II Property Rights

Section 1. General. Every Owner shall have a right and easement of enjoyment in and to those portions of the Common Area for which that Owner pays assessments to acquire and or maintain according to the classes created in Article IX below, subject to any restrictions, limitations, or provisions contained in this Declaration or any deed conveying to the Association such property. Such right and easement may be delegated to the members of one's family, tenants and invitees, subject to such regulations or procedures as may be adopted by the Board. The aforementioned right and easement of enjoyment shall be appurtenant to and shall pass with the title to every Residential Unit, subject to the following reservations, rights, and provisions:

(a) the right of the Association to suspend an Owner's voting rights and right to use the facilities as may be located on the Common Area for any period during which any assessment of the Association or such other association as may be made a part of the Properties against said Owner's property remains unpaid, and for any infraction of the Association's rules and regulations for the duration of the infraction

and for an additional period thereafter not to exceed thirty (30) days;

(b) the right of the Declarant or the Association, with the approval of Declarant, to dedicate, transfer, or grant permits, licenses, and easements in and to the Common Area for utilities, roads, and other purposes reasonably necessary or useful for the proper development, maintenance, or operation of the community, all as benefit the Properties or any portions thereof;

(c) the right of the Association to borrow money for the purpose of (1) improving the Properties or any portion thereof, (2) acquiring additional Common Area, or (3) repairing or improving any facility located or to be located on the Properties, and to give as security for the payment of any such loan, a mortgage or deed of trust conveying all or any portion of the Common Area; provided, however, the lien and encumbrance of any such mortgage or deed of trust given by the Association shall be subject and subordinate to any and all rights, interests, options, easements, and privileges herein reserved or established for the benefit of Declarant, any Owner, any other person, or the holder of any mortgage or deed of trust, irrespective of when executed, given by Declarant or any owner encumbering any Lot, Residential Unit, or other property located within Matanzas Shores.

(d) the easement right of Declarant and its successors and assigns to enter and travel upon, over, and across the Common Area for the purpose of construction, completion and repair of the improvements within the Properties and for all reasonable purposes to further assist and enhance the marketing of property, Parcels, Residential Units and Commercial Units located or to be located on the Properties;

(e) the right of the Association to charge reasonable admission fees and other fees, including tenant registration fees, for use of any recreational facilities as may be located on the Common Area.

Section 2. Owner's Right to Ingress, Egress, and Support. Every Owner shall have the right of ingress and egress over, upon, and across the Common Area necessary for access to the Owner's Residential or Commercial Unit and shall have the right to lateral support. Such rights shall be appurtenant to and pass with the title to each Unit.

Section 3. Easement of Encroachment. If any portion of the improvements constructed on the Common Area encroaches upon a Residential or Commercial Unit or any improvement constructed on a Residential or Commercial Unit encroaches upon the Common Area as a result of construction, reconstruction, repair, shifting, settlement, or movement of any portion of the improvements, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists; provided, however, if any improvement on any Unit is knowingly and willfully constructed, reconstructed, or repaired so as to encroach on the Common Area, no such easement shall exist.

Section 4. Use of Common Area. Other than for the right of ingress and egress, the Owners, including Owners of Commercial Units, are hereby prohibited and restricted from using any of the Common Area outside their respective Units, except as may be allowed by the Association's Board of Directors or as may be expressly permitted in this Declaration or any amendment or Supplementary Declaration applicable to all or a portion of the Properties. By way of explanation and not limitation no Owner shall park any vehicle on a Common Area (except in locations designated by the Board), no planting or garden-ing shall be done upon the Common Area, and no fences, hedges, or walls shall be erected or maintained upon the Common Area, except as are installed by Declarant or a Parcel Developer in accordance with the construction of the improvements located thereon or as approved by the Association's Board of Directors or their designated representatives. It is expressly acknowledged and agreed by all parties concerned that this paragraph is for the mutual benefit of all Owners and is necessary for the protection of said Owners.

Section 5. Acknowledgment of Rights of Use. Each Owner, including Owners of Commercial Units, and Member of the Association, by acceptance of a deed or contract for deed to any Parcel or Unit in the Property, is deemed to accept the reservations, rights of use, licenses, easements, and permits existing in, through, and over the Common Area.

Section 6. Conveyance of Common Area. The Association covenants to accept title to all or portions of the Common Area when offered by the Declarant or Declarant's successors or assigns.

Section 7. Rules and Regulations. The Board of Directors may establish reasonable rules and regulations concerning the use of the Common Area and improvements located thereon. No rule or regulation shall, however, diminish, alter, or affect the rights of use, easements, permits, or licenses existing in Declarant, its successors and assigns, or invitees or guests of Declarant. Furthermore, no rule or regulation shall affect or treat Declarant, its successors and assigns, or the invitees of Declarant in a manner differently than the Association's rules may affect or treat its Members. Copies of such regulations and amendments thereto shall be furnished by the Association to all Owners, including Owners of Commercial Units if the rule or regulation applies to such owners, and the Declarant, prior to the rule's effective date. Such regulations shall be binding upon the Owners and users, their families, tenants, guests, invitees, and agents, until and unless such regulations, rule, or requirement is specifically overruled, cancelled, or modified by the Board. The Board shall have the authority to impose reasonable monetary fines and other sanctions for violations of its rules, and monetary fines may be collected by lien and foreclosure, as provided in Article VII hereof. In addition, the Board shall have the right to suspend votes and the right to use the Common Area (other than for access to one's Unit) for violation of its rules, as well as to proceed judicially to enjoin and abate violations of such rules as if such rules were use restrictions contained herein as covenants on the Properties.

Section 8. Construction and Sale Period. Despite any provisions contained in this Declaration to the contrary, it shall be expressly permissible for Declarant and all Parcel Developers to maintain and carry on upon such portion of the Properties as the Declarant (or, in the case of a Parcel Developer, such portion of any Parcel owned by such Parcel Developer) may deem necessary, including, but not limited to, the Common Area, such facilities and activities as in the sole opinion of Declarant (or Parcel Developer) may be reasonably required, convenient, or incidental to construction or sale, including, without

limitation, business offices, signs, model homes, and sales offices, so long as construction on or original offering for sale of all or any portion of the Properties including Residential Units, continues. The right to maintain and carry on such facilities and activities shall include specifically the right to use Commercial and Residential Units owned by Declarant or Parcel Developers as models and sales offices and to authorize sales and construction personnel to travel upon and enter the Common Area.

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Section 9. No Partition. Except as is permitted in this Declaration, there shall be no partition of the Common Area or any part thereof, nor shall any person acquiring any interest in any of the Properties or any part thereof seek any such partition, judicial or otherwise, unless the affected area has been removed from the provisions of this Declaration. This Section shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

Section 10. Easements for Utilities, Etc. The Declarant hereby reserves the power during the Declarant Control Period to grant blanket easements upon, across, over, and under all of the Property for ingress, egress, installation, replacing, repairing, and maintaining master television antenna or cable systems, controlled access, and similar systems, walkways, and all utilities, including, but not limited to, water, sewers, telephones, cable television, and electricity. The Board shall, upon written request of the Declarant or a Parcel Developer, grant such easements as may be reasonably necessary for the development of any property described in Exhibit "A". Declarant reserves for Declarant or any Parcel Developer, the easements and rights-of-way as shown on any Plat of any of the Properties for the purpose of constructing, maintaining, and repairing a system or systems of controlled access, signage, electric lighting, electric power, telegraph and telephone line or lines, gas, sewers, cable television, or any other utility Declarant determines to install in, across, and/or under the Properties; provided, however, Declarant reserves the right to make changes in and additions to the above easements for the purpose of most efficiently and economically in-

stalling the improvements. The Declarant, any Parcel Developer or any utility company using the easements referred to in this Declaration shall not be liable for any damages done by them or their assigns, agents, employees, or servants to any fences, shrubbery, trees, flowers, improvements, or any other property of the Owner situated on the property covered by said easements.

Section 11. Assignment of Declarant Rights. Declarant may assign its rights as Declarant to all or any portion of the Property or Additional Property to any party or parties who take title to all or any portion of the Property for the purpose of development and sale.

### Article III Association Membership and Voting Rights

Section 1. Membership. Every Person who is an Owner of a Residential or Commercial Unit that is subject to this Declaration shall have a membership in the Association. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership.

Section 2. Multiple Owners. No Owner, whether one or more Persons shall have more than one membership per Residential Unit or Commercial Unit owned. Use rights for multiple Owners shall be as authorized and regulated by the Board. In the event the Owner of a Residential or Commercial Unit is more than one Person, voting and rights of membership shall be exercised by the Persons holding such membership interest as those Persons shall agree among themselves, except that the rights and privileges of membership appurtenant to a Unit owned by a Person consisting of a husband and wife holding title as tenants by the entirety may be exercised by either spouse. In any case where multiple Persons hold the membership for a particular Residential or Commercial Unit, the Persons holding such membership shall designate in a written instrument to the Secretary of the Board, the individual authorized to exercise the rights and vote of the membership held by the several Persons making such designation. Failure to make such a designation or any attempt on the part of more than one individual to exercise the vote or other membership rights appurtenant to a particular Residential or Commercial Unit shall result in the

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suspension of such membership rights and voting right for such Unit until an appropriate designation is made. The membership rights of Unit owned by a corporation, partnership or other Person except for a individual or group of individuals shall be exercised by the individual designated by the Owner in a written instrument to the Secretary of the Board. Failure to make such a designation, or any attempt to exercise the rights of membership or vote of a particular Unit so owned, by more than one individual purporting to act on behalf of the Owner shall result in the suspension of the membership rights including the voting right of such Unit.

Section 3. Voting. The Association shall have two classes of membership, Class "A" and Class "B" as follows:

(a) Class A - Class A members shall be all the Owners with the exception of the Class B member, if any.

Class A members shall be entitled to one equal vote for each Residential or Commercial Unit in which they hold the interest required for membership under Section 1 hereof. There shall be only one vote per Residential or Commercial Unit. Unless otherwise specified in this Declaration, the Articles or the By-Laws, the vote for a Unit shall be exercised by the Voting Member as defined in Article I representing the Parcel of which the Unit is a part.

(b) Class B - The Class B member shall be the Declarant. The rights of the Class B member shall be as specified elsewhere in this Declaration, the Articles and By-Laws. The Class B member shall be entitled to appoint a majority of the members of the Board of Directors during the Declarant Control Period. The Class B membership shall terminate and convert to a Class A membership for each Residential or Commercial Unit then owned by the Declarant upon the earlier of the termination of the Declarant Control Period or when Declarant, in its discretion, so certifies in writing to the Board.

Section 4. PARCEL ASSOCIATION: every Residential unit and Commercial Unit shall be located within a Parcel as defined in Article I. The Units within a particular Parcel may be subject to additional covenants and/or the Owners of Residential Units in a particular Parcel may all be members of another owner's association (Parcel Association) in addition to the Association. Any residential Parcels

which does not have a Parcel Association shall elect a Parcel Committee as described in Article I of this Declaration and the Articles and By-Laws to represent the Owners of Residential Units in such Parcel.

Each Parcel Association, or Parcel Committee or Owner of a Commercial Unit, upon the affirmative vote, written consent, or a combination thereof, of a majority of Owners within the Parcel, may request that the Association provide a higher level of service or special services for the benefit of Units in such Parcel, the cost of which shall be assessed against the benefitted Units as a Parcel Assessment pursuant to Article IX.

The senior elected officer of each Parcel Association, the Parcel Committee or the Owner's designee for a Commercial Unit shall serve as the Voting Member for such Parcel and shall cast all votes attributable to Units within the Parcel on all Association matters requiring membership vote, unless otherwise specified in this Declaration the Articles or the By-Laws. The Voting Member may cast all such votes as the Voting Member, in the Voting Member's discretion, deems appropriate. Notwithstanding the above, each Voting Member shall cast only one (1) equal vote for selection of directors.

#### Article IV

#### Association Powers and Responsibilities

**Section I. Common Area.** The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon and shall keep it in good, clean, attractive, and sanitary condition, order and repair, pursuant to the terms and conditions hereof and the terms and conditions of the Development Order as that document is made applicable to the Association by this Declaration. The Association shall maintain, operate, and preserve the Common Area for the good and benefit of the community.

**Section II. Services.** The Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof and any other personnel as the Association's Board of Directors shall determine to be necessary or desirable for the proper operation of the Properties. Such personnel may be furnished or employed directly by the Association or by any person or entity with

12      whom or with which it contracts. The Association may obtain and pay  
for legal and accounting services necessary or desirable in connection  
with the operation of the Properties or the enforcement of  
Declaration. The Declarant and Association may, but shall not be  
required to, arrange, as an Association expense, with others to  
furnish trash collection, controlled access, cable television, and  
other common services to each Parcel, Residential Unit, or Commercial  
Unit within.

Section 3. Personal Property and Real Property for Common Use.  
The Association, through action of its Board of Directors, may acquire,  
hold, and dispose of tangible and intangible personal property  
and real property.

Section 4. Power to Contract. The Association may, through its  
Board of Directors, contract with any residential or commercial  
association, Parcel, Parcel Association, Parcel Committee, Parcel  
Developer or Commercial Unit Owner within Matanzas Shores to provide  
services and/or perform services on behalf of such entity.

Section 5. Enforcement of Restrictions. The Association shall  
have the right and power to enforce each and every restriction herein  
contained, including those restrictions relating to architectural  
approval and modification, and shall have all those powers and privi-  
leges necessary or desirable to so act.

Section 6. Power to Assess. The Association shall have the  
right and power, as more particularly set forth in this Declaration,  
to fix, levy, collect and enforce payment by any lawful means, all  
charges and assessments pursuant to the terms of this Declaration, to  
pay all expenses in connection therewith, and all office and other  
expenses incident to the conduct and affairs of the business of the  
Association.

Section 7. Implied Rights. The Association may exercise any  
other right or privilege given to it expressly by this Declaration,  
the By-Laws, or its Articles of Incorporation and every other right or  
privilege given to it herein or otherwise available to a corporation  
not for profit under Florida law.

~~Section 1. Association Responsibility. The Association shall maintain and keep in good repair the Common Area, such maintenance to be funded as hereinafter provided. This Maintenance shall include, but not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of:~~

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1. Private roads, landscaping, paving, striping, street lights and traffic control devices on common areas.
  2. All potable water lines and associated property owned by or dedicated to the Association, whether located on Common Area or not.
  3. All wastewater treatment plants, percolation ponds, collector lines, lift stations and associated property for the collection and treatment of wastewater on the property owned by or dedicated to the Association, whether located on Common Area or not.
  4. All recreational facilities of whatever nature, including, without limitation, beach clubs, recreation center, beach walkovers, tennis courts, pools, boat clubs, boat docks, bicycle paths, foot paths all as may be from time to time constructed by Declarant on any Common Area.
  5. All stormwater and surface water management lakes (including the littoral zones and slopes) dikes, culverts and associated structures, excluding any bulkheading on the lakeshore of Parcels 3B of the community wide drainage system located on the North Tract, whether located on Common Area or not.
  6. All conservation areas, open spaces and wetlands including the Hammock Conservation Area and scrub jay habitat on the Common Areas, such maintenance to "comply" with Development Order requirements for such areas and any approved management plans prepared by Declarant and provided to the Association.
  7. All on-going reporting, testing or maintenance requirements of the Development Order that may be assigned in writing to the Association by Declarant.
  8. All community wide limited access features, all community wide signage, entrance features, landscaping and paving whether located on the Common Areas or elsewhere, all as depicted on Common Area landscape plan on file with the Declarant.

All other utility lines owned by the Association, whether located on Common Areas or not.

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10. In addition to the maintenance set forth above, the Association may maintain other property it does not own, including without limitation, property dedicated to the public, if the Board determines that such maintenance is necessary or desirable for the Association and benefits the Association as a whole or the specific Units assessed for such maintenance.

Section 2. Owner's Responsibility. The maintenance responsibility of an Owner of a Residential or Commercial Unit shall include all maintenance of the Unit owned, unless specifically identified hereunder as being the responsibility of the Association or another party, such maintenance responsibility including but not limited to the maintenance of all structures, parking areas and other improvements constructed upon the property that comprises the Unit, as well as all water and sewer laterals serving the Unit from the boundary line of the property making up the Unit regardless of the ownership of such lines.

In the event the Board of Directors of the Association determine that

(a) any Owner of a Residential or Commercial Unit has failed or refused to discharge properly the Owner's maintenance obligations with regard to the maintenance, repair, or replacement of items for which the Owner is responsible hereunder; or

(b) that the need for maintenance, repair, or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an owner, owner's family, occupants, guests, lessees, or invitees, the Association, except in the event of an emergency situation, shall give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement, at the reasonable cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary and the cost thereof. The noticed party shall have fifteen (15) days within which to complete the required maintenance, repair, or replacement; or, in the event that such maintenance, repair, or replacement is not capable of completion,

within said fifteen (15) day period, to commence such work which shall be completed within a reasonable time. In the event of an emergency situation, the Association need not send the notice to owners referred to herein. If any owner does not comply with the provisions hereof, or if there is an emergency situation, the Association may provide any such maintenance, repair, or replacement at such owner's sole cost and expense, and the cost shall be added to and become a part of the assessment to which such party is subject and shall become a lien against the Residential Unit or Commercial Unit of such owner.

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#### Article VI Insurance and Casualty or Liability Losses

Section 1. Insurance. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Areas or Association owned property against loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. The Board shall also obtain a public liability policy applicable to the Common Area or other Association property covering the Association, its officers, directors, members, and agents. The public liability policy shall have at least TWO MILLION (\$2,000,000.00) DOLLARS combined single limit coverage, so long as such coverage is reasonably available. If such coverage ceases to be reasonably available, the Association shall carry the next closest equivalent to such coverage that is available. Unless otherwise provided by the Board of Directors, the cost of all such insurance coverage shall be paid from the Common Expense. Each insurance policy may contain a deductible, and the amount thereof shall be added to the face amount of the policy in determining whether --the-insurance-at-least>equals-the-full-replacement-cost--.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association, as trustee, for the respective benefited parties, as further identified in (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

- (a) All policies shall be written with a company licensed to do business in Florida and holding a rating of A or better in the Financial Category as established by A. M. Best Company, Inc., if available, or, if not available, the most nearly equivalent rating.
- (b) All policies on the Common Area or other Association property shall be for the benefit of the Owners and their mortgagees, as their interest may appear.
- (c) Exclusive authority to adjust losses under policies in force on any portion of the Properties, including the Common Area, obtained by the Association shall be vested in the Association's Board of Directors; provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.
- (d) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual owners, occupants, or their mortgagees, and the insurance carried by the Association shall be primary.
- (e) All casualty insurance policies shall have an inflation guard endorsement and an agreed amount endorsement, if reasonably available, with an annual review by one or more qualified persons, designated by the Board.
- (f) The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:
- (i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its Manager, the owners and their respective tenants, servants, agents, and guests;
  - (ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;
  - (iii) that no "policy may be cancelled, invalidated, or suspended on account of any one or more individual owners;
  - (iv) that no policy may be cancelled, invalidated or suspended on account any defect or of the conduct of any director, officer, or employee of the Association or its duly authorized Manager without prior demand in writing delivered to the Association to cure the

or to cease the conduct and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its Manager, any owner or mortgagee; and

(v) that any "other insurance" clause in any policy exclude individual owners' policies from consideration;

(vi) no material change or cancellation of coverage without thirty day's prior written notice.

In addition to the other insurance required by this section, the Board shall obtain, as a Common Expense, workmen's compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment, but may not be less than three (3) months' assessments, plus reserve on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be so cancelled or substantially modified without at least ten (10) days prior written notice to the Association.

Section 2. Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

(a) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction, as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction, or in the event no repair or reconstruction is made after making such settlement as is necessary and appropriate with the affected Owner or owners and their mortgagee(s), as their interests may appear, shall be retained by and for the benefit of the Association. This is a covenant for the benefit of any mortgagee of any part of the properties and may be enforced by such mortgagee.

(b) If it is determined, as provided for in Section 3 of this Article, that the damage or destruction for which the proceeds are paid shall not be repaired or reconstructed, available proceeds shall be disbursed in the manner as provided for excess proceeds in Section 2(a) hereof.

Section 3. Damage and Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless at least seventy-five (75%) percent of the total vote of the Association and the Declarant shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available, provided, however, that such extension shall not exceed sixty (60) days. No mortgagee shall have the right to participate in the determination of whether the damage or destruction shall be repaired or reconstructed.

(c) In the event that it should be determined in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the property shall be restored to its natural state and maintained as an undeveloped portion of the Property by its respective owner or owners in a neat and attractive condition.

Section 4. Repair and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Association's Members, levy a special assessment against all Owners ultimately responsible for the payment of the policy premium;

the same proportion as an Owner's assessment bears to the Association's budget. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the cost of repair, such excess shall be deposited to the benefit of the Association.

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Section 5. Unit Owner's Responsibility. By virtue of taking title to a Residential or Commercial Unit, each Owner of such Unit covenants and agrees with all other Owners and with the Association to carry all risk casualty insurance in the event the Association does not carry blanket all-risk casualty insurance on Residential and Commercial Units. Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction of any structure located on a Residential or Commercial Unit, the Owner shall proceed promptly to repair or reconstruct the damaged structure in a manner consistent with the original construction. In the event that a Residential Unit or Commercial Unit structure is totally destroyed or rendered uninhabitable or unusable and the Owner thereof determines not to rebuild or reconstruct, then that Owner shall clear that Unit of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction. The obligation of an Owner hereunder specified shall not be applicable to any Owner whose Unit is insured under a casualty insurance policy obtained by a Parcel Association on the Owner's behalf.

#### Article VII Condemnation

Whenever all or any part of the Common Area or other Association property shall be taken (or conveyed in lieu of and under threat of condemnation) by any authority having the power of condemnation or eminent domain, the award made for such taking shall be payable to the Association, as Trustee for all Owners, to be disbursed as follows:

If the taking involves a portion of the Common Area or other Association property on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant and at least seventy-five (75%) per cent of the voting Members of the

Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area or other Association property, to the extent lands available therefore, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the above provisions in Article IV hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area or other Association property, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors shall determine.

#### Article VIII Site Plan Plan Amendments

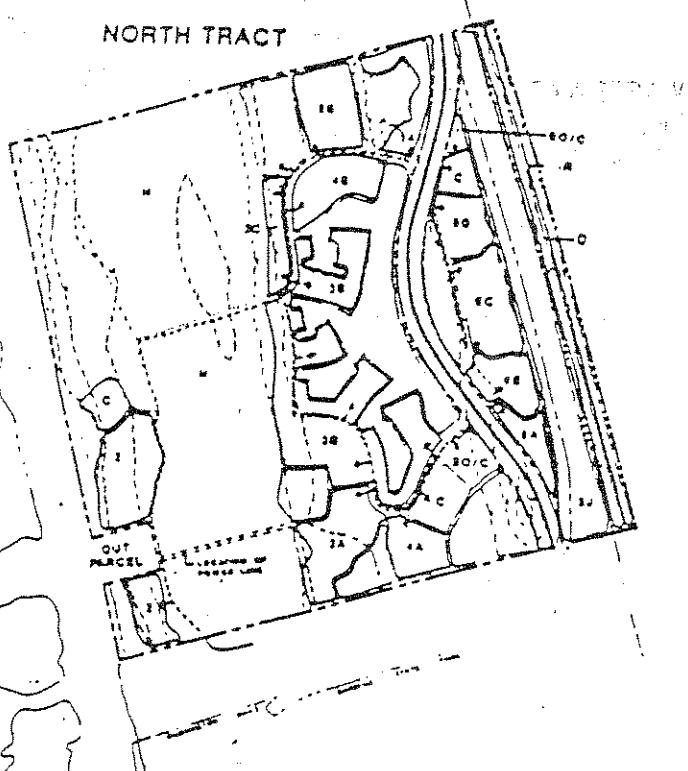
Section 1. Parcel Boundaries. Except as may be necessary to correct minor survey or platting errors or as may be required to comply with the laws and regulations of any local government or agency having jurisdiction over the Property, neither the Declarant nor the Association shall change any Parcel boundaries as set out in Exhibit B. Declarant shall, pursuant to Section 2 below, have the authority to amend boundaries for the Common Area, so long as such amendment does not violate the terms of the Development Order. In no event shall any Common Area which is a part of the Property as of the date of this Declaration be converted by the Declarant, the Association or any Parcel Developer into either Residential or Commercial Units. A Parcel Developer may convert a commercial Parcel as designated on Exhibit D to a residential Parcel upon compliance with any amendments necessary for such a change required by the Development Order and upon notice to the Declarant and Association, so long as such conversion does not require any increase in the total capacity of any waste water or potable water utility system operated by the Association and paid for by the Members of the Association by means of assessments. Parcel Developers may also, upon written notice to the Declarant and Association, annex contiguous land not a portion of th

REVISED MASTER DEVELOPMENT  
AND PUD SKETCH

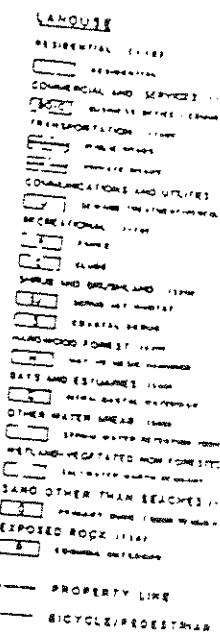
MAY 1982

NORTH TRACT

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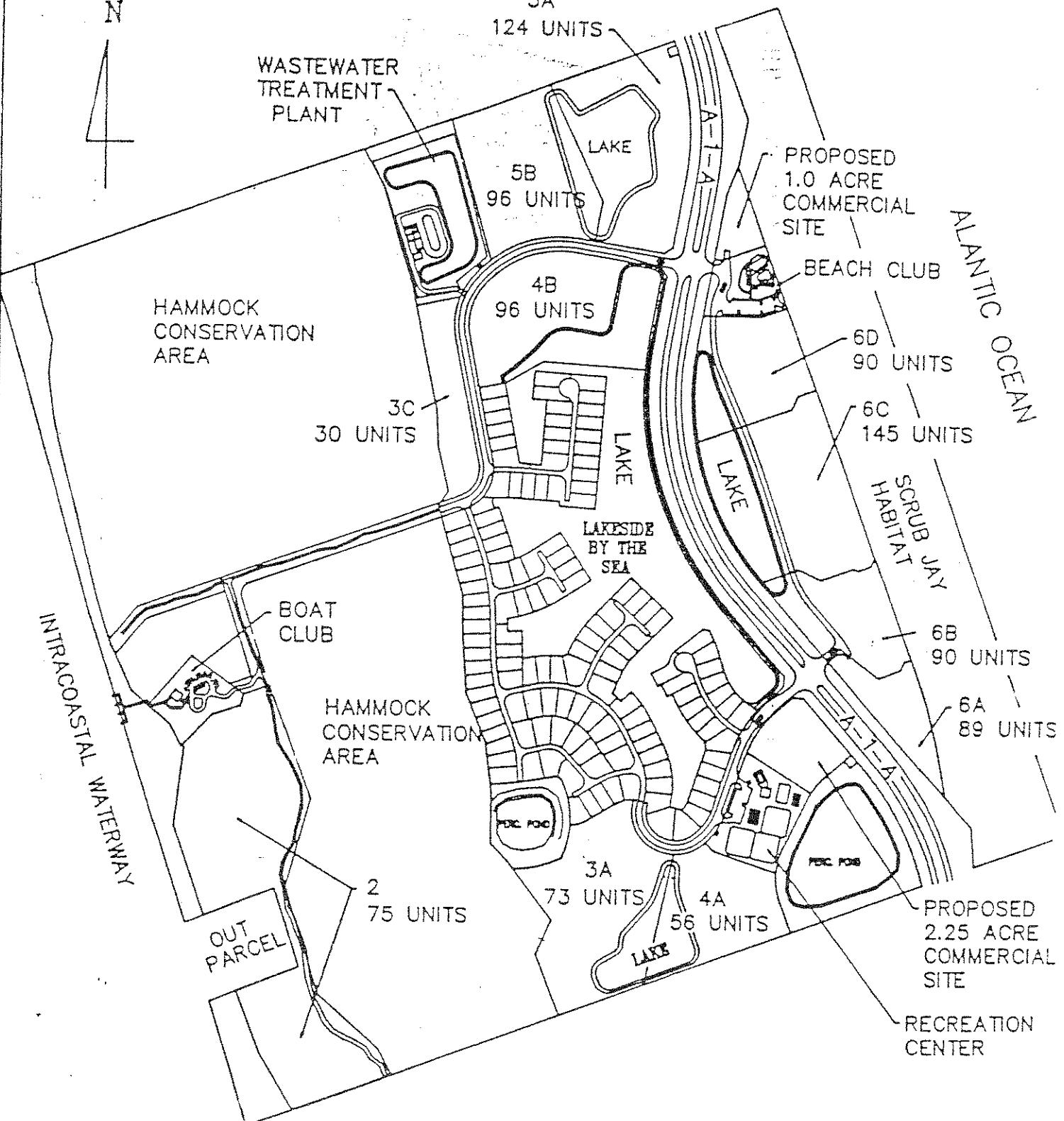


SOUTH TRACT



NOTE:  
1. All dimensions are approximate. See accompanying plat for exact dimensions.  
2. Cluster lines are the same as the master plan cluster boundaries.

4 FEET = 1  
MILE



MATANZAS SHORES  
NORTH TRACT  
PROPOSED SITE PLAN

SCALE 1"=600'

APRIL 1990

Property into a Parcel owned by such Parcel Developer and shall have the authority to make such land so incorporated a portion of the Parcel into which it is annexed, either for use as Residential Units or for common area for use by the members residing in the Parcel to which the property is annexed. Such annexation shall be permitted by the Declarant and the Association provided it is made in conformance with requirements of the Development Order and any other governmental law or regulation having jurisdiction over such property and so long as the resulting increase in the number of Residential Units, if any, does not require an increase in the total capacity of any potable water or waste water utility system operated by the Association and paid for by the Members of the Association by means of Assessments.

Section 2. Acquisition of Additional Common Area. Declarant may convey to the Association additional real estate, improved or unimproved, located within the Properties or on land adjacent to the Property which, upon conveyance or dedication to the Association shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of the Members making use of such Common Area.

Section 3. Condominium Conversions. Apartment buildings subject to this Declaration may subsequently be converted to the condominium form of ownership, if such conversion is approved, in writing, by the Declarant. In such event, the property subjected to a condominium declaration shall be henceforth not considered an Apartment Building for purposes of this Declaration. In the event of a condominium conversion, Declarant or the Board of Directors shall prepare and record, without a membership vote, an amendment to this Declaration at the expense of the condominium converter. Such amendment shall identify the Apartment Building converted.

#### Article IX Assessments

Section 1. Creation of Classes of Assessments. The following classes of assessments are hereby created for the common expenses of the Association as may be from time to time specifically authorized by the Board of Directors:

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(a) General Assessments - General Assessments shall be levied against all Residential and Commercial Units subject to this Declaration and shall be used to pay expenses determined by the Board for the benefit of the Association, its members, and the Properties as whole, including, but not limited to operation, maintenance and insurance of all facilities used to provide wastewater treatment service to the Property as a whole and expenses otherwise incurred by the Association with its rights, powers and privileges. The General Assessment rate levied against and payable by a particular Residential or Commercial Unit shall be determined by dividing the total General Assessment expenses for the Association by the total number of Residential and Commercial Units assigned to the various parcels as adjusted by the ERU multiplier contained in Exhibit E for Commercial Units. The General Assessment to be paid by a Residential property containing more than one Residential Unit shall be computed by multiplying the number of residential units on the property by the General Assessment rate. In the case of Commercial Units, the General Assessment rate shall be adjusted by the number of ERUs assigned to the Commercial Unit shown on Exhibit E for the commercial use actually existing on the Parcel. A change in the use of a Commercial Unit may result in a change of the Assessment for that Unit and Declarant shall have the authority to set the multiplier for a commercial use not shown on Exhibit E, so long as such multiplier is consistent with the multipliers for similar classes of commercial uses shown on Exhibit E. General Assessments shall be equal for all Residential Units so assessed and the assessment rate for computation of General Assessments for Commercial Units shall be equal to the assessment rate for a Residential Unit.

(b) North Tract Assessments - North Tract Assessments shall be levied against all Residential Units subject to this Declaration which are located in the North Tract. The North Tract Assessment shall be used to pay expenses determined by the Board to be for the exclusive benefit of those Members of the Association residing on the portion of the Property designated in Exhibit A as the North Tract. Such expenses shall include, but not be limited to, maintenance and insurance of all Common Areas (except those Common Areas whose maintenance is

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provided for under Paragraph (a) above) and expenses otherwise incurred by the Association in connection with the Association's operation and maintenance of facilities benefitting the North Tract. Only those Members paying the North Tract Assessment shall be entitled to use any facilities or amenities owned by the Association which are located on the North Tract and for which North Tract Assessment funds are expended on, subject to any regulations or user fees established by the Board for such facilities. The North Tract Assessment shall be determined by multiplying the established North Tract Assessment rate times the number of Residential Units located on the property assessed. The North Tract Assessment shall be in addition to the General Assessment for all Residential Units located on the North Tract and no Member of the Association subject to the North Tract Assessment may escape payment of the Assessment by non-use of any of the recreational or other facilities for which the Assessment is levied or by abandonment of a Residential Unit. Payment of such Assessment shall entitle all Members paying such Assessment the right to use the facilities supported by such Assessment under rules and regulations governing such use as may be from time to time adopted by the Board of Directors. This right of use shall convey no ownership interest in such amenities or facilities whatsoever to any person; such ownership being vested exclusively in the Association. North Tract Assessment shall be equal for all Units subject to such Assessment.

(c) Parcial Assessment - Parcial Assessments for common expenses as may from time to time be authorized by the Board of Directors may be levied against those Commercial or Residential Units located within a particular Parcial of the Property for whose benefit such expenses are incurred, such as maintaining and operating facilities and amenities within a Parcial reserved for use by the Members within that Parcial, expenses of enforcing all assessments, covenants and conditions relating solely to a Parcial, and other expenses determined by the Board to be for the sole benefit of a Parcial. Each Commercial or Residential Unit within a Parcial shall pay a Parcial Assessment computed in the same manner as such Commercial or Residential Unit pays a General or North Tract Assessment. Parcial Assessments established for

one Parcel do no need to be equal to Parcel Assessments established for any other Parcel.

All Assessments created pursuant to this Section shall be collected and levied according to the procedures set out in this Article and in the Articles of Incorporation and By-Laws of the Association. Such assessments shall be payable monthly, in advance, unless otherwise determined by a vote of at least two-thirds (2/3rds) of the Board of Directors.

Section 2. Commencement of Assessments. Subject to Section 9 of this Article, each Residential or Commercial Unit shall begin paying its Assessments commencing with the first day of the calendar month following the day a certificate of occupancy is issued by the local building official for the Residential Unit (or structure for a Commercial Space) located on such Unit. If the local building official ceases, for any reason to issue certificates of occupancy or an equivalent document, assessments shall commence upon substantial completion of a Residential Unit or Commercial Space on a Lot. "Substantial Completion" shall mean that the Residential Unit or Commercial Space is sufficiently complete to legally permit occupancy for the purpose for which the improvement was designed and constructed.

Section 3. Assessment Records, Inspection. The Board of Directors of the Association shall prepare a roster of the Residential and Commercial Unit and Assessments applicable, which shall be kept in the office of the Association and shall be open to inspection by any Member. Upon the written request of a Member or Member's mortgagee, the Board shall promptly furnish such Member or Member's mortgagee with a written statement of the unpaid charges due from such Member.

Section 4. Creation of the Lien and Personal Obligation of Assessments. Each Owner of a Unit, by acceptance of a deed or contract for deed, whether, or not it shall be so expressed in such instrument, is deemed to covenant and agree to pay to the Association, in accordance with the provisions hereof:

(a) annual assessments or charges, including General, North Parcel and Parcel Assessments applicable to a given Unit;

(b) special assessments, such assessments to be established and collected as hereinafter provided; and  
(c) specific assessments against any particular Commercial or Residential Unit which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with Article IV, hereof.

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All such assessments, together with interest at the highest rate permitted by applicable law, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Unit against which each assessment is made, all as provided in Section 5 hereof. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration of the annual assessment for delinquents. The assessments shall be paid monthly, in advance, unless otherwise provided by a two-thirds (2/3rds) majority of the Board of Directors.

Section 5. Computation of General, North Tract and Parcel Assessments.

(a) It shall be the duty of the Board at least thirty (30) days prior to the annual meeting at which the budget will be presented to prepare a budget covering the estimated costs of operating the Association and the Properties during the coming year. The budget shall separately list General and North Tract Assessments and Parcel Assessments, if any. The Board shall cause a copy of the budget and the assessments to be levied therefrom to be available to all members at a central location on the Properties at least fifteen (15) days prior to the meeting. The budget and assessment established therefrom shall become and be effective as of the date of such annual meeting unless disapproved at the meeting at which it is proposed by a vote of the Voting Members representing a two-third's (2/3rd's) majority of the total number of eligible votes of the Association at the meeting. The Members eligible to vote on the various portions of the budget shall be as follows:

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- (1) General Assessment: all eligible votes representing all Residential and Commercial Units of the Association.
- (2) North Tract Assessments: all eligible votes representing Residential Units located on the North Tract that are eligible to use the Common Areas and amenities supported by such Assessment, only.
- (3) Parcel Assessment: all votes representing Residential Units in the designated Parcel which are eligible to vote for the Board of Directors of the Parcel Association governing the Parcel subject to such Assessment or, if no such Parcel Association exists, the Owners of all Residential Units located in such Parcel eligible to vote for members of the Parcel Committee.

Notwithstanding the foregoing, in the event that the required vote disapproves the proposed budget or the Board fails, for any reason, to determine the budget or a portion thereof for the succeeding year, then and until such time as a budget or portion of a budget shall have been determined, as provided herein, the budget and assessments in effect for the current year shall continue for the succeeding year.

(b) Despite anything else contained herein, the amount of budgeted assessment in any particular year may be increased by the Board of Directors of the Association in a succeeding year without a vote of or consideration by the Members, so long as the proposed assessment does not exceed the previous year's budget by more than fifteen (15%) percent.

(c) All votes eligible to be cast pursuant to this Section shall be cast by the Voting Member for Parcel.

Section 6. Special Assessments. In addition to the assessments authorized elsewhere herein, the Association may levy a Special Assessment "in" any year. The Board, by majority vote, may impose any special assessment "for" assessments up to a total of \$10,000 per year without a vote by the Members or Class A members entitled to vote to disapprove the annual assessment budget for the Property, North Tract, or Parcel as the case may be. Any special assessment beyond the \$10,000 "per year" limit shall require approval by Voting Members representing 66% of the Class A votes of Members subject to such assessment and the Class B member, if any.

Section 7. Lien for Assessments. To secure the payment of the Assessments established hereby and to be levied on the Units, there shall be and is hereby reserved a Lien for the benefit of the Association. This Lien shall be enforceable through appropriate proceedings at law by such beneficiary. Each such Lien shall, however, be secondary, subordinate, and inferior to all liens, present and future, given, granted, and created by or at the instance and request of the Owner of any such Unit to secure the payment of monies advanced or to be advanced on account of the purchase price (Purchase Money Mortgage) and/or the construction (construction mortgage) of improvements on any such Unit to the extent any such assessments charge has accrued and been unpaid but not recorded in the Public Records of Flagler County, Florida prior to foreclosure of any Liens arising from Purchase Money or Construction Mortgages. As a condition precedent to any proceeding to enforce such Lien upon any Unit upon which there is an outstanding valid and subsisting recorded first mortgage of which the Association has been informed of by written notice given by the holder thereof, together with a copy of the recorded mortgage instrument, the Association shall give the holder of such recorded first mortgage lien sixty (60) days' written notice of such proposed action, which notice shall be sent to the nearest office of such first mortgage holder by prepaid U.S. certified mail and shall contain a statement of the delinquent assessments upon which the proposed action is based. Upon the request of any such first mortgage lienholder, the Association shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular Unit covered by such first mortgage lien to the holder thereof. Any first mortgagor who obtains title to a Unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such Unit's unpaid dues or charges which accrue prior to the acquisition of title to such Unit by the Mortgagor. Suit to recover a money judgment for unpaid Assessments for Common Expenses, costs and attorney's fees shall be maintainable in a suit at law against the Owner of the Unit responsible for that Assessment without foreclosing or waiving the lien securing the same.

Section 8. Effect of Nonpayment of Assessments: Additional Maintenance Fee. Any Assessments which are not paid when due shall be delinquent. Any Assessment delinquent for a period of more than thirty (30) days shall incur an additional maintenance fee in an amount as the Board may determine from time to time, but not to exceed Ten (\$10.00) Dollars or ten (10%) percent of the initial assessment amount owed, whichever is greater.

Section 9. Declarant and Parcel Developer Assessments.

(a) Assessments for Residential Units and Commercial Units owned by Declarant (whether such Units have received a Certificate of Occupancy, are under development or are still undeveloped) shall commence on the date that this Declaration is recorded in the Public Records of Flagler County, Florida. The number of such Units shall be determined by the potential Units assigned to portions of the Property by Exhibit D. Notwithstanding the commencement of such assessments, the Declarant shall not be required to pay any assessments for any such Unit so long as the Declarant elects to pay the difference between the amount collected from all Units owned by Class A members subject to assessment and the actual operating expenses (including funding of any reserve accounts) of the Association for any fiscal year in which the Declarant owns any Units as described in this paragraph.

(b) Each Parcel Developer of a residential or commercial parcel shall commence paying assessments on the Equivalent or Assigned Residential Units (whether such Units have received a Certificate of Occupancy, are under development or are still undeveloped) assigned to a Parcel on the Property by Exhibit D when the Parcel Developer takes title to such Parcel from the Declarant. Notwithstanding the commencement of such assessments, the Parcel Developer shall not be required to pay any assessments for such Units if the Parcel Developer elects to pay a pro rata share of the Declarant's subsidy calculated in Paragraph (a) of this section. The pro rata share due from a Parcel Developer electing this option shall be a percentage of the Declarant's subsidy calculated by dividing the total number of Units assigned to the Parcel by Exhibit D by the total number of Units still

Owned by the Declarant and any other Parcel Developers in the Property (whether such Units are completed, under development or undeveloped).

(c) For the purposes of any Residential Units constructed in an Apartment Building or as part of a Timeshare Plan (pursuant to Article XIV), the Declarant or Parcel Developer's right to subsidize Units owned by the Declarant or Parcel Developer in lieu of paying the normal assessment computed for that Unit shall end and the Owner of the Unit (whether the Declarant, a Parcel Developer or any other Owner) shall be liable for the normal assessment(s) assessed against that Unit when a Person other than the Declarant or Parcel Developer occupies the Unit for residential purposes or, in the case of a Timeshare Unit, when the total number of Timeshare Intervals sold pursuant to the Timeshare Plan is equal to the number of Residential Units assigned to the Parcel by Exhibit D.

## Article X Architectural Standards

All Property which is now or may hereafter be subjected to this Declaration is subject to architectural review. This review shall be in accordance with this Article and such standards as may be promulgated by the Board, the New Construction Review Board, or the Modifications Committee.

Section 1. New Construction Review Board. The New Construction Review Board (NCRB) shall have exclusive jurisdiction over all original construction on any portion of the Properties. No original construction or development of any kind whatsoever shall commence or be carried out on any Residential or Commercial Unit until approved in writing by the NCRB. Approval shall be subject to such regulations, architectural standards, and applicable procedures as may be promulgated by the NCRB. The NCRB shall make its regulations, standards, and procedures available to Owners, Parcel Developers, and builders who seek to engage in development of or construction upon all or any

Properties and shall conduct its operations in accordance therewith. The Declarant, in its sole discretion, shall appoint the members of the NCRB which shall consist of three (3) members, all of whom need not be residents on the Property. The NCRB shall and may act independently of the Association and its Board until such time as the Declarant assigns to the Board of Directors Declarant's rights to appoint NCRB members at which time the NCRB shall function in the same fashion as committees of the Association. This Section may not be amended.

Section 2. Modifications Committee. The Modifications Committee (MC) shall consist of at least three (3) and no more than five (5) members, all of whom shall be appointed by the Board of Directors. The MC shall have jurisdiction over modifications, additions, or alterations made on or to existing Residential or Commercial Units or structures containing such Units and the open space, if any, throughout the Properties; provided, however, the MC may delegate this authority to the appropriate board or committee of any Parcel Association now existing residential association subsequently created or subsequently subjected to this Declaration, so long as the MC determines that such board or committee has in force written review and enforcement practices, procedures, and appropriate written guidelines and standards at least equal to those of the MC. Such delegation may be revoked and jurisdiction resumed at any time by written notice; provided, further, the MC shall not have jurisdiction over modifications or alterations made by the Declarant or Parcel Developers, and the jurisdiction of the MC shall be subordinate to the NCRB. Decisions of the MC shall be advisory in nature and reported to the Board of Directors no later than thirty (30) days prior to the time the Board's power.

The MC shall promulgate detailed standards and procedures governing its areas of responsibility and practice. In addition there shall follow shall apply: plans and specifications showing the nature, kind, shape, color, size, materials, and location of such modifications, additions, or alterations, shall be submitted to the MC for approval as to quality of workmanship and design and harmony of external design with existing structures and as to location in rela-

STRUCTURES, TOP PHY, AND FINISH GRADE ELEVATION.

Nothing contained herein shall be construed to limit the right of an owner to remodel the interior of that owner's Unit or to paint the interior of the Unit any color desired. In the event the Board, after receiving the report of the MC, fails to approve or to disapprove such plans or to request additional information reasonably required within sixty (60) days after submission, the plans shall be deemed approved.

Section 3. No Waiver of Future Approvals. The approval of either the NCRB or MC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

Section 4. Variance. The NCRB may authorize variances from compliance with any of the provisions of its regulations and standards when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing, (b) be contrary to the restrictions set forth in the body of this Declaration, or (c) estop the Committee from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, the terms of any financing or any hardship or circumstance created by the party seeking the variance shall not be considered a hardship warranting a variance. No variance of the NCRB shall be construed as waiving the requirement that the party seeking such variance obtain any legally required variance from the appropriate local governmental entity and the NCRB shall not be required to grant a variance hereunder because the local governmental entity has granted a variance on the same matter.

Article XI  
Mortgages Provisions

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OFFICE OF THE ATTORNEY GENERAL  
STATE OF CALIFORNIA  
RECEIVED  
04/03 PAGE 0962

The following provisions are for the benefit of holders of first Mortgages on Units in the Properties. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Unit number, therefore becoming an "eligible holder"), will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects material portion of the Properties or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such eligible holder;

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

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

(d) any proposed action which would require the consent of a specified percentage of eligible holders.

Section 2. Special FHLBC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least two-thirds (2/3rds) of the first Mortgagors or Voting Members representing at least two-thirds (2/3rds) of the total Association vote entitled to be cast thereon consent, the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other

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- shall not be deemed a transfer within the meaning of this subsection);
- (b) change the method of determining the obligations, assessments, dues, or other charges which may be levied against an owner of a Unit (a decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Properties regarding assessments for Neighborhoods or other similar areas shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration);
- (c) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Units and of the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision);
- (d) fail to maintain insurance, as required by this Declaration; or
- (e) use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 3. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

Section 4. Notice to Association. Upon request, each owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such owner's Unit.

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Section 5. Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirement less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

Section 6. Applicability to Other Voting Requirements. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Articles, By-Laws, or Florida corporate law for any of the acts set out in this Article.

Section 7. Failure of Mortgagor to Respond. Any Mortgagor who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagor within thirty (30) days of the date of the Association's request.

#### Article XII Use Restrictions

The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Association, or the Association and the limited commercial uses permitted by the Development Order on the Parcels designated for commercial use in Exhibit D) all as may more particularly be set forth in this Declaration, amendments thereto or subsequently recorded declarations creating Parcel Associations subject to this Declaration. The Declaration or other creating document for any Parcel Association may impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards. The Association, acting through its Board of Directors, shall have authority to make and to enforce standards and restrictions governing the use of the Properties in addition to those contained herein, and to impose reasonable user fees for use of Common Area facilities. This authority shall include, without limitation, the power to regulate the speed and flow of traffic on private road.

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with the Properties and the power to contract with any local government law enforcement agency to enforce traffic regulations on the private roads within the Property. Such regulations and use restrictions shall be binding upon all owners and occupants until and unless overruled, can be called or modified in a regular or special meeting of the Association by the vote of Voting Members representing a Majority of the total votes in the Association and by the vote of the Class B member, so long as such membership shall exist.

Section 1. Signs and Billboards. No signs, billboards, posters, or advertising devices of any character shall be erected, permitted, or maintained on any portion of the Property without the express prior written consent of the Board of Directors and the NCRB. This provision shall not apply to any sign or advertising device maintained or erected by Declarant or a Parcel Developer as part of the Declarant or Parcel Developer's sales of Parcels or Units on the Property.

Section 2. Storage and Disposal of Garbage and Refuse. Subject to Declarant's reserved rights, no Unit shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste materials shall not be kept, except in sanitary containers constructed of metal, plastic, or masonry materials with sanitary covers or lids. Equipment for the storage or disposal of such waste materials shall be kept in clean and sanitary condition. No Unit shall be used for the open storage of any materials, whatsoever, which storage is visible from the street, except that new building materials used in the construction of improvements erected upon any Lot may be placed upon such Lot at the time construction is commenced and may be maintained thereon for a reasonable time, so long as the construction progresses without undue delay, until the completion of the improvements, after which these materials shall either be removed from the Lot or stored in a suitable enclosure on the Lot.

Section 3. Unlicensed Motor Vehicles. No unlicensed motor vehicles shall be allowed on the Properties. No motorbikes, motorcycles, motor scooters, all terrain vehicles, or other vehicles of that type shall be permitted on the Properties, if they are a nuisance by reason of noise or manner of use in the sole judgment of the Board.

Section 4. Parking and Garages. Vehicles shall be parked in the garages, parking tracts, or in the driveways, if any, serving the Units or in appropriate spaces or designated areas in parking may or may not be assigned and then subject to such reasonable rules and regulations as the Board of Directors, or the Parcel Committee or Parcel Association having concurrent jurisdiction over park areas within a Parcel, may adopt. The Board of Directors may, in discretion, require registration of vehicles of occupants of Units. The Declarant and/or the Association may designate certain on-site parking areas for visitors or guests subject to reasonable rule. Commercial vehicles, tractors, mobile homes, trailers (either with or without wheels), campers, camper trailers, boat trailers and recreational vehicles shall be parked only in areas designated by the Board or the Parcel Committee or Parcel Association having jurisdiction over a particular parking area within a Parcel. The storage of boat trailers and recreational vehicles is prohibited upon the Property unless such vehicles are stored in a completely enclosed garage with the garage door closed; provided, nothing in this Section shall be construed to apply to any operation of a boat club on any Common Areas designated for such operation.

Section 5. Occupants Bound. All provisions of the Declaration, By-Laws and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and invitees of any Unit. Every Owner shall cause all occupants of his or her Unit to comply with the Declaration, Article, By-Laws, and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Common Areas caused by such Occupants, notwithstanding the fact that such Occupants of a Unit are fully liable and may be sanctioned for any violation of the Declaration, Article, By-Laws, and rules and regulations adopted pursuant thereto.

Section 6. Animals and Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any portion of the Properties, except that dogs, cats or other usual and common household pets not to exceed a total of two (2) may be permitted in a Unit.

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permitted to roam free. Those which, in the sole discretion of the Association endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to the owners of other units or the owner of any portion of the Properties shall be removed upon request of the Board; if the owner fails to honor such request the pet may be removed by the Board. No pets shall be kept, bred, or maintained for any commercial purpose. Dogs and cats which are household pets shall at all times whenever they are outside a Unit be confined on a leash held by a responsible person. Additional covenants affecting the property within any Neighborhood may impose more stringent restrictions on animals and pets.

Section 7. Nuisance. No portion of the Properties shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any portion of the Properties that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any portion of the Properties, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Properties. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Properties.

Section 8. Unsightly or Unkempt Conditions. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Unit. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Properties.

Section 9. Antennas. No exterior antennas, aerials, satellite dishes, or other apparatus for the transmission or reception of

any vision, radio, or other signs of any kind shall be placed allowed, or maintained upon any portion of the Properties, including any Unit.

Section 10. Basketball Equipment, Garbage Cans, Tanks, Etc. All basketball hoops and backboards, garbage cans, above-ground tanks, and other similar items shall be located or screened so as to be concealed from view of neighboring Units, streets, and property located adjacent to the Unit. All rubbish, trash, and garbage shall be regularly removed from the Properties and shall not be allowed to accumulate thereon.

Section 11. Subdivision of Unit and Time Sharing. No Unit shall be subdivided or its boundary lines changed except with the prior written approval of the Board of Directors of the Association. Declarant, however, hereby expressly reserves the right to replat any Unit or Units owned by Declarant. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations.

No Unit except as provided in Article XIV shall be made subject to any type of timeshare or similar program whereby the right exclusive use of the Unit rotates among members of the program on a fixed or floating time schedule over a period of years.

Section 12. Guns. The discharge of firearms within the Properties is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size.

Section 13. Hunting, Disturbing Wildlife. No hunting of any sort shall be carried out on the Property. No activities, except as permitted by the Development Order and management plans prepared pursuant to the Order, shall be permitted in the Hammock Conservation Area or Scrub Habitat that tend to annoy, harass or endanger wildlife in these areas.

Section 14. Pools. No above-ground pools shall be erected, constructed, or installed on any Unit. No other pools, spas, hot tubs or similar structures shall be erected, constructed or installed on any Unit except as same have been originally installed by Declarant or a Parcel Developer without approval pursuant to Article X.

any type which draw upon water from creeks, streams, rivers, lakes ponds, wetlands, canals or other ground or surface waters within the Properties shall be installed, constructed or operated within the Properties. All sprinkler and irrigation systems shall be subject to approval in accordance with Article X of this Declaration. Private walls for irrigation or any other purpose are prohibited on the Properties. Provided, however, this Section 15 shall not apply to the Declarant or Parcel Developers installing community irrigation systems for the Common Area or common areas or Units within a Parcel, and it may not be amended without Declarant's written consent so long as the Declarant Control Period is in effect. Tap-ins to the water system are prohibited without the written permission of the Association, any private utility having jurisdiction of such system or any local government with jurisdiction over such system.

Section 16. Tents, Trailers and Temporary Structures. Except during initial construction within the Properties, no tent, utility shed, shack, trailer or other structure of a temporary nature shall be placed upon a Unit or any part of the Properties.

Section 17. Surface Water Management and Drainage Systems. The surface water management and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Person other than Declarant or a Parcel Developer may modify the original installation of drainage lakes, swales, storm sewers, or storm drains. Declarant hereby reserves a perpetual easement across the Properties for the purpose of installing necessary drainage and water flow structures. Septic systems are prohibited on the Properties. No changes to the surface water management system or similar structures shall be permitted if such change violates any statute or the Development Order.

Section 18. Tree Removal. No trees shall be removed, except for diseased or dead trees and trees needing to be removed to promote the growth of other trees or for safety reasons, unless approved in accordance with Article X of this Declaration. No trees, shrubs, plants or other natural features in any Common Area designated for open space, conservation or as the Hammock Preservation Area or Scrub

the Property shall be removed or damaged by any Person unless its removal is in conformance with the Development Order and the management plans prepared and approved pursuant to that Order. No trees on the Property shall be removed unless such removal is in compliance with any applicable statute, law or ordinance.

Section 19. Outdoor Drying and Laundry. No clothing, laundry or wash shall be aired or dried on any portion of the Property in an area viewable to any Common Area, Parcel or Unit or roadway. No garments, rugs, etc. shall be hung from windows or doorways of Units, and no clotheslines or similar type structure shall be permitted on any portion of the Property.

Section 20. Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted within the Properties, except for temporary lines as required during construction and high voltage lines if required by law or for safety purposes.

Section 21. Air Conditioning Units. No window air conditioning units may be installed in any Unit.

Section 22. Lighting. All exterior lights must be approved in accordance with Article X of this Declaration. No exterior light shall be allowed to shine onto any beach area on the Property or adjacent to the Property in violation of the Loggerhead Turtle Conservation Plan prepared for the Property pursuant to the Development Order and on file with the Declarant.

Section 23. Artificial and Natural Vegetation, Exterior Sculpture, and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Properties. No natural vegetation shall be removed, except for diseased or dead natural vegetation, unless approved in accordance with Article IX of this Declaration. Exterior sculpture, fountains, flags, decorative items and similar items must be approved in accordance with Article X of this Declaration.

Section 24. Lakes, Water Bodies and Wetlands. No boat or other water craft or vessel of any type whatsoever which is propelled by an internal combustion engine shall be operated on any lakes, ponds, and streams within the Properties, whether natural or created as part of the surface water management system, except for any boat used by

govermental entity or by the Association for maintenance of the water body. No piers or docks except for those docks as may be originally constructed as part of any boat club owned and operated by the Association, shall be constructed on any portion of lakes, streams or ponds, nor attached to the shoreline or banks thereof unless approved by the NCRB in accordance with Article X and by any governmental entity having jurisdiction of such construction. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams within the Properties. Nothing shall be done which disturbs or potentially disturbs wetlands within the Properties in any manner. No dredging or filling shall be undertaken on any property adjacent to any water body or wetland.

Section 25. Recreational Facilities. Any recreational facilities or equipment furnished by the Association or erected within the Properties shall be used at the risk of the user, and the Association shall not be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

Section 26. Fences. No dog runs, animal pens or fences of any kind shall be permitted on any Unit except as approved in accordance with Article X of this Declaration.

Section 27. Business Use. No trade or business may be conducted in or from any Residential Unit. The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether:

- (i) such activity is engaged in full or part-time;
- ..... (ii) such activity is intended to or does generate a profit;
- (iii) a license is required therefor. Notwithstanding the above, the leasing of a Unit shall not be considered a trade or business within the meaning of this section. This section shall not apply to any activity conducted by the Declarant or Parcel Developers with respect to their development and sale of the Properties or their use

or Y Units which they own within the Properties, pursuant to Article II, or the operation of sales offices or models by Declarant or third Developers. Notwithstanding the above or any other provision herein, the business use of the designated Commercial Units in the Property shall be a conforming use and not in violation of this Section.

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Article XIII  
Matanzas Shores DRI - Compliance With Development Order

Notwithstanding any other provision of this Declaration, the Articles of Incorporation, the By-Laws or any rules or regulation promulgated by the Association, no Person including Declarant, Parcel Developers, Owners, Members and Occupants shall do any activity on the Property or omit the doing of any activity on the property which would result in a violation in the terms and conditions of the Development Order. In the event any Person desires to perform an activity on the Property which would result in a violation of the Development Order or a substantial deviation from that Order, such Person shall, in addition to obtaining all other approvals required by this Declaration, the Articles or the By-Laws, also be responsible for obtaining any necessary approvals from Flagler County and any other government agency having jurisdiction over the portion of the Development Order which must be modified to permit the requested activity. Such responsibility shall include payment of all costs associated with such requests and approval.

Article XIV  
Timesharing

Section 1. Timesharing Prohibited Except as Permitted By This Article. No timeshare plan shall be permitted on any portion of the property, except as specifically authorized by this Article. For the purposes of this Declaration, timeshare plan shall mean any arrangement, plan, scheme, idea or similar device, whether by membership, agreement, tenancy-in-common, sale, lease, deed, rental agreement, license, right to use agreement, or by any other means whereby a purchaser or other consumer, in exchange for consideration, receives a right to use accommodations or facilities, or both, for a specific period of time less than a full year during any given year, but not

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necessarily for consecutive years, and which extends for a period of more than three (3) years.

Section 2. Timeshare Permitted in Parcel 6C. Notwithstanding the prohibition of Section 1 of this Article, the Parcel Developer of Parcel 6C shall have the option to institute a timeshare plan as defined in that Section. Any such plan shall only be commenced following written notice of such intention to the Declarant and the Board of Directors. In the event the Parcel Developer elects to institute a timeshare plan for Parcel 6C, such timeshare plan shall be operated in compliance with all applicable Florida Statutes regulating such plan and all business activities related to the sale and operation of the timeshare plan shall be confined to the Parcel boundaries of Parcel 6C.

Section 3. Voting for Timeshare Units. Each condominium unit, apartment, or other single family residential unit constructed on Parcel 6C as part of a timeshare plan shall be considered a Residential Unit for purposes of assessment by the Association and the casting of votes by the Voting Member representing such Parcel. For purposes of election or appointment of the Voting Member representing the votes of the Residential Units incorporated into such a timeshare plan, the managing entity, as that term is defined in Chapter 721 of the Florida Statutes (or as subsequently amended), shall be the entity entitled to appoint the Voting Member for the Parcel.

Section 4. Use of Common Areas By Timeshare Owners. During the periods during which a timeshare owner is permitted to occupy a Residential Unit under the timeshare plan, the person with the legal right to occupy such Residential Unit shall be deemed an occupant of the Residential Unit. As such, the timeshare owner shall be entitled to the use and benefits of all Common Areas and facilities of the Association on an equal and non-discriminatory basis with all other occupants of other Residential Units located on other Parcels in the North Tract. Except for use of Common Areas and facilities of the Association during the period in which an owner of a timeshare period is allowed to occupy the Residential Unit, an owner under any timeshare plan in effect for Parcel 6C shall have no right to make any use of the Common Areas or facilities of the Association during any

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timeshare owner the right to use common areas or facilities provided by the timeshare plan on Parcel 6C during other parts of the year. Such timeshare owners shall have a right of ingress and egress over much of the Association's Common Areas as may be necessary for such timeshare owner to have access to Parcel 6C.

#### Article XV General Provisions

Section 1. Coverage and Term. The covenants and restrictions contained in this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association and the owner of any property subject to this Declaration, their respective legal representatives, heirs, successors, and assigns. The covenants, conditions, and restrictions of this Declaration, as they may be amended from time to time, shall run with and bind the Properties for a term of forty (40) years from the date of recordation, unless amended, as herein provided. After such initial term, such covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10) years each, unless within sixty (60) days before the commencement of any such ten (10) years period, these covenants are extinguished by a written instrument executed by the Members holding at least seventy-five (75%) percent of the total votes attributable to all Units in the Property and, if existing, the approval of the Declarant and such instrument is recorded. Notwithstanding anything herein to the contrary, the Association shall not be dissolved nor these Covenants extinguished until such time as adequate steps have been taken by the Association to ensure the continued operation and maintenance of the Common Areas in full compliance with all applicable laws, rules and regulations, including, but not limited to those obligations contained in the Matanzas Shores Development Order which are assigned to the Association.

Section 2. Amendment. Prior to the conveyance of the first Unit, Declarant may unilaterally amend this Declaration. After such conveyance, the Declarant may amend this Declaration so long as it still owns property described in Exhibit "A" for development as part of the Properties, and so long as the amendment has no material ad-

act upon any right or any c  
any state agency will be deemed material. Thereafter and otherwise,  
this Declaration may be amended only by the affirmative vote or  
written consent, or any combination thereof, of Voting Members repre-  
senting ~~seventy-five~~(75) percent of the total votes of the Asso-  
ciation, including ~~seventy-five~~(75) percent of the votes held by  
Members other than the Declarant. However, the percentage of votes  
necessary to amend a specific clause shall not be less than the  
prescribed percentage of affirmative votes required for action to be  
taken under that clause. Any amendment to be effective must be  
recorded in the public records of Flagler County, Florida. If an  
Owner consents to any amendment to this Declaration, the Articles or  
the By-Laws, it will be conclusively presumed that such Owner has the  
authority so to consent and no contrary provision in any Mortgage or  
contract between the Owner and a third party will affect the validity  
of such amendment. No amendment may remove, revoke, or modify any  
right or privilege of Declarant without the written consent of  
Declarant or the assignee of such right or privilege. No amendment  
may impair the validity or priority of the lien of any Mortgage held  
by a Mortgagor or impair the rights granted to Mortgagors herein  
without the prior written consent of such Mortgagors. No amendment  
may remove, revoke, or modify any right or privilege of any Parcel  
Developer or discriminate against any Parcel Developer without the  
written consent of the Declarant and all Parcel Developers.

Section 3. Indemnification. The Association shall indemnify  
every officer and director against any and all expenses, including  
counsel fees, imposed upon or reasonably incurred by any officer or  
director in connection with any action, suit, or other proceeding  
(including settlement of any suit or proceeding, if approved by the  
then Board of Directors) to which he or she may be a party by reason  
of being or having been an officer or director. The officers and  
directors shall not be liable for any mistake of judgment, negligent  
or otherwise, except for their own individual willful misfeasance,  
malfeasance, misconduct, or bad faith. The officers and directors  
shall have no personal liability with respect to any contract or other  
commitment made by them, in good faith, on behalf of the Association.

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the extent that such officers or directors may also  
be members of the Association), and the Association shall indemnify  
forever hold each such officer and director free and harmless ag.  
any and all liability to others on account of any such contract  
commitment. Any right to indemnification provided for here  
shall not be exclusive of any other rights to which any officer,  
director, or former officer or director, may be entitled. The Asso  
ciation shall, as a common expense, maintain adequate general liabili  
ty and officers' and directors' liability insurance to fund thi  
obligation, if such insurance is reasonably available.

Section 4. Merger and Subdivision of Units. Upon application i  
writing by an Owner of adjoining Units, the Board of Directors may  
authorize the merger or subdivision of adjoining Units; provided,  
however, such merger or subdivision shall be in conformance within the  
provisions of any Supplemental Declaration that may be applicable to  
such Units, including provisions which may further regulate merger or  
subdivision. No merger or subdivision of Units shall be allowed  
unless approved by the Board. Such Plats and plans as may be neces  
sary to show the merged or subdivided Units shall be thereaft  
prepared at the expense of the requesting Owner, who shall additional  
ly be responsible for all costs, including legal fees, associated with  
the merger or subdivision of such Units. The Board may impose condi  
tions for use of the merged or subdivided Units as a condition prece  
dant to granting approval for such a merger or subdivision. From and  
after the time a merger or subdivision of Units is approved, such  
Units shall, for all purposes, be considered Units in accordance with  
their new boundaries. In no event shall such permission be given if  
the effect of such approval would create a substantial deviation from  
the Development Order. Approval by the Board of any proposed merger  
or subdivision shall not be effective until such merger or subdivision  
shall also be approved, if necessary, by all governmental entities  
than having jurisdiction over such merger or subdivision of any Unit  
and the Board of Directors of the Parcial Association(s), if any, for  
the Parcial(s) in which the Units are located.

Section 5. Severability. Invalidation of any one of these  
covenants or restrictions by judgment or court order shall in no way

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or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Ronald Reagan, President of the United States.

Section 7. Reservation From Unit Conveyance. It is expressly agreed and understood that the title conveyed by Declarant to any Unit or Parcel within the Properties by contract, deed, or other conveyance shall be subject to any easement affecting same for roadways or drainage, water, gas, sewer, storm sewer, electric light, electric power, telegraph, telephone, or television purposes and shall convey no interest in any pipes, lines, poles, or conduits, or in any utility facility or appurtenances thereto, constructed by or under authority of Declarant or any easement owner, or their agents through, along, or upon the premises affected thereby, or any part thereof, to serve said land or any other portion of the Properties, and where not affected, the right to maintain, repair, sell, or lease such appurtenances to any municipality or other governmental agency or to any public service corporation or to any other party, and such right is hereby expressly reserved.

Section 8. Incorporation by Reference. All dedications, limitations, restrictions, and reservations shown on any subdivision plat or are incorporated herein and made a part hereof as if fully set forth herein and shall be construed as being adopted in each and every contract, deed, or conveyance executed or to be executed or to be executed by or on behalf of Declarant and, thereafter, each successive Owner, conveying any of the Properties, whether specifically referred to therein or not.

IN WITNESS WHEREOF, the undersigned Declarant has executed this

DEC RANT:  
ITT COMMUNITY DEVELOPMENT CORPORATION  
a Delaware Corporation

By: Gerald B. Sorkin  
Vice President

Attest: Douglas H. Cuff  
Secretary

(CORPORATE SEAL)

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STATE OF FLORIDA )  
COUNTY OF FLAGLER ) SS:

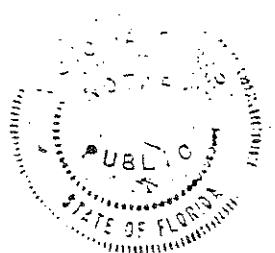
I HEREBY CERTIFY that on this day personally appeared before me, an Officer duly authorized to take acknowledgements, Gerald B. Sorkin and Robert G. Cuff and Vice President and Secretary, respectively, of ITT COMMUNITY DEVELOPMENT CORPORATION, a Delaware corporation, to me known to be the persons who signed the foregoing instrument as such officers, and they severally acknowledged that the execution thereof was their free act and deed as such officers for the uses and purposes therein expressed and that the said instrument is the act and deed of said Florida corporation.

WITNESS my hand and official seal in the County and State last aforesaid this 23rd day of August, 1989.

My Commission Expires:

Victoria P. Gaed  
NOTARY PUBLIC in and for the  
State of Florida

Notary Public, State of Florida  
My Commission Expires June 1, 1992  
Business Name: Tracy Fong, Notary Public, Inc.



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- A. Legal Description From DRI
- B. Project Site Plan (both parcels)  
with Parcel Legal Descriptions
- C. North Parcel Site Plan
- D. Parcel Roster/Allocation of Residential Units
- E. Commercial Unit/Uses & Assessment Multipliers
- F. Articles of Incorporation
- G. By-Laws

## LEGAL DESCRIPTION OF PARCEL WEST OF AIA

A parcel of land lying in Section 38, Township 10 South, Range 31 East, as described in O.R. Book 30, Pages 270, 286 and 418 and O.R. Book 31, Page 1 of the Public Records of Flagler County, Florida, being more particularly described as follows:

From a Point of Reference being a point where the Westerly projection of the South line of Section 38, Township 10 South, Range 31 East, intersects with the East line of the 500 foot right of way of the Intracoastal Waterway, Thence N.  $17^{\circ}14'46''$  W. along said East right of way a distance of 551.91 feet to the Northwest corner of Willow Woods Subdivision as recorded in Map Book 5, Page 76, Public Records of Flagler County, Florida, Thence N.  $69^{\circ}39'06''$  E. along the North line of Willow Woods Subdivision a distance of 65.45 feet to an Iron Rod being the Point Of Beginning and the location of the Mean High Water line; Thence N.  $16^{\circ}58'04''$  W. a distance of 203.20 feet; Thence N.  $16^{\circ}45'08''$  W. a distance of 201.06 feet; Thence N.  $16^{\circ}19'37''$  W. a distance of 146.46 feet; Thence leaving said Mean High Water Line N.  $67^{\circ}46'01''$  E. along the South line of a parcel of land described in O.R. Book 34, Page 682, Public Records of Flagler County, Florida, a distance of 329.31 feet, Thence N.  $17^{\circ}14'46''$  W. a distance of 350.00 feet to the Northeasternly corner of Lands described in O.R. Book 50, Page 477; Public Records of Flagler County, Florida, Thence S.  $67^{\circ}46'01''$  W. a distance of 319.29 feet along the North line of said Lands to the Mean High Water Line; Thence along said Mean High Water Line the following courses; Thence N.  $18^{\circ}28'24''$  W. a distance of 206.94 feet; Thence  $210.03$  feet; Thence N.  $02^{\circ}18'57''$  W. a distance of 116.98 feet; Thence N.  $26^{\circ}36'16''$  W. a distance of 114.12 feet; Thence N.  $48^{\circ}41'46''$  W. a distance of 115.04 feet; Thence N.  $48^{\circ}19'36''$  W. a distance of 97.38 feet; Thence N.  $24^{\circ}50'56''$  W. a distance of 209.96 feet; Thence N.  $16^{\circ}47'13''$  W. a distance of 183.63 feet; Thence N.  $14^{\circ}05'37''$  W. a distance of 202.97 feet; Thence N.  $13^{\circ}07'21''$  W. a distance of 200.14 feet; Thence N.  $14^{\circ}26'38''$  W. a distance of 197.95 feet; Thence N.  $13^{\circ}44'49''$  W. a distance of 199.63 feet; Thence N.  $07^{\circ}36'30''$  W. a distance of 198.74 feet; Thence N.  $04^{\circ}41'14''$  E. a distance of 149.03 feet; Thence N.  $15^{\circ}21'39''$  W. a distance of 257.33 feet; Thence N.  $69^{\circ}39'14''$  E. along the South line of Lot 14 of Dupont Estates a subdivision as recorded in Map Book 3, Page 17, Public Records of Flagler County, Florida, a distance of 2826.34 feet to the West right of way line of State Road A-1-A as presently located; Thence 624.37 feet along said Westerly right of way line along a curve to the right (concave Northwest) having a Radius of 1183.24 feet, a Central Angle of  $30^{\circ}14'02''$  a Chord Bearing of S.  $05^{\circ}14'32''$  E. and a Chord distance of 617.15 feet to a Point of Tangency; Thence S.  $09^{\circ}52'29''$  W. a distance of 675.00 feet to a Point of Curvature; Thence 1219.09 feet along a curve to the left (concave Eastery) having a Central Angle of  $51^{\circ}16'16''$ , a radius of 1363.24 feet a Chord Bearing of S.  $15^{\circ}45'39''$  E. and a Chord distance of 1179.60 feet, to a Point of Tangency; Thence S.  $41^{\circ}23'47''$  E. and a distance of 875.00 feet to a Point of Curvature; Thence 585.77 feet along a curve to the right (concave Westerly) having a Central Angle of  $28^{\circ}21'53''$  a Radius of 1183.24 feet, a Chord Bearing of S.  $27^{\circ}12'50''$  E. and a Chord distance of 579.81 feet; Thence leaving said West right of way line of State Road A-1-A, S.  $69^{\circ}39'06''$  W. along the North line of lands described in O.R. Book 28, Page 535, and Willow Woods Subdivision, described in Map Book 5, Page 76, Public Records of Flagler County, Florida, a distance of 2959.09 feet to the POINT OF BEGINNING of this description.

Containing 225.1063 Acres more or less.

LEGAL DESCRIPTION OF PARCEL EAST OF AIA

A parcel of land lying in Section 38, Township 10 South, Range 31 East, described in O.R. Book 30, Pages 270, 286 and 418 and O.R. Book 31, Page 1 of the Public Records of Flagler County, Florida, being more particularly described as follows:

From a Point Of Reference being a point where the Westerly projection of the South line of Section 38, Township 10 South, Range 31 East, intersects with the East line of the 500 foot right of way of the Intracoastal Waterway; Thence N. 17°14'45" W. along said East right of way a distance of 551.91 feet to the Northwest corner of Willow Woods Subdivision , as recorded in Map Book 5, Page 76, Public Records of Flagler County, Florida; Thence N. 69°39'06" E. along the North line of Willow Woods Subdivision, a distance of 3257.21 feet to a nontangent curve of the East line of a 180.00 feet right of way of State Road A-1-A and the Point Of Beginning of this description; Thence 170.80 feet along said Easterly right of way line, along a curve to the left, (concave Westerly), having a Radius of 2914.79 feet, a Central Angle of 03°21'26", a Chord Bearing of N. 03°29'32" W. and a Chord distance of 170.77 feet; Thence leaving curve at a Point of Nontangency, N. 41°23'47" W. a distance of 1385.95 feet to a Point of Curvature; Thence a distance of 1058.82 feet along a curve to the right, (concave Easterly), having a Radius of 1183.24 feet, a Central Angle of 51°16'16", a Chord Bearing of N. 15°45'39" W. and a Chord distance of 1023.85 feet to a Point of Tangency; Thence N. 09°52'29" E. a distance of 662.64 feet; Thence N. 21°17'09" E. a distance of 125.87 feet; Thence N. 10°17'52" E. a distance of 211.62 feet; Thence N. 20°21'28" W. a distance of 420.80 feet; Thence departing the East right of way of State Road A-1-A, N. 69°39'14" E. along the South line of lands recorded in O.R. Book 196, Pages 527 and 528, said land also being the South line of Lot 25 of Dupont Estate, a subdivision as recorded in Map Book 3, Page 17, all recorded in the Public Records of Flagler County, Florida, a distance of 275.06 feet to a point on the Mean High Water Line of the Atlantic Ocean; Thence along said Mean High Water Line, the following courses; S. 20°14'50" E. a distance of 550.00 feet; Thence S. 20°11'03" E. a distance of 584.39 feet; Thence S. 18°42'33" E. a distance of 514.07 feet; Thence S. 21°11'54" E. a distance of 538.16 feet; Thence S. 19°55'07" E. a distance of 575.33 feet; Thence S. 19°48'20" E. a distance of 484.87 feet; Thence S. 18°12'43" E. a distance of 500.96 feet; Thence leaving the Mean High Water Line of the Atlantic Ocean S. 69°39'06" W. along the North line of Lot 23, Block 1 and Lot 23, Block 2 of Coquina Beach Subdivision as recorded in Map Book 3, Page 34, Public Records of Flagler County, Florida, a distance of 396.85 feet to the Point Of Beginning of this description.

Containing 54.1969 Acres more or less.

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PARED BY:

CLYDE ROESCH

MAY 20, 196  
ALL OF DEAUVILLE BEACH SUBDIVISION AS RECORDED IN MAP BOOK 5, PAGE 73  
OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA, MORE PARTICULARLY  
DESCRIBED AS FOLLOWS:

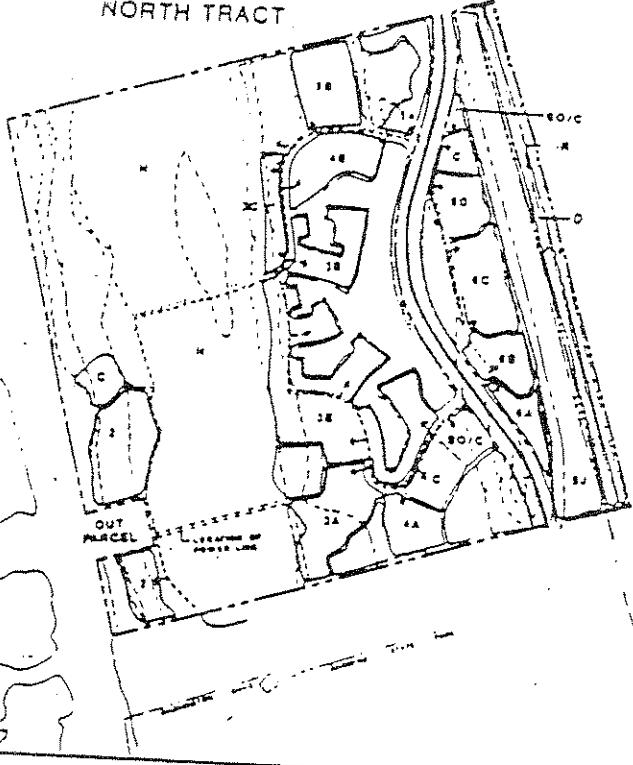
A PARCEL OF LAND BEING A PORTION OF SECTIONS 20 AND 39, TOWNSHIP 10  
SOUTH, RANGE 31 EAST, BEGINNING AT A CONCRETE MONUMENT MARKING THE  
SOUTHEAST CORNER OF SAID SECTION 39, SAID POINT BEING THE POINT OF  
BEGINNING OF THIS DESCRIPTION; THENCE RUN SOUTH  $67^{\circ} 35' 54''$  WEST  
ALONG THE SOUTH LINE OF SAID SECTION 39, 1690.06 FEET TO THE EAST LINE  
OF THE 100 FOOT RIGHT-OF-WAY OF STATE ROAD A-1-A; THENCE NORTH  
 $14^{\circ} 00' 26''$  WEST ALONG SAID EAST RIGHT-OF-WAY 502.26 FEET TO A POINT  
OF CURVATURE; THENCE 951.92 FEET ALONG A CURVE TO THE RIGHT HAVING A  
RADIUS OF 2814.79 FEET, A CENTRAL ANGLE OF  $19^{\circ} 22' 36''$ , A CHORD BEARING  
OF NORTH  $04^{\circ} 19' 08''$  WEST AND A CHORD DISTANCE OF 947.39 FEET TO A  
POINT OF TANGENCY; THENCE NORTH  $05^{\circ} 22' 10''$  EAST 146.81 FEET TO THE  
SOUTHERLY LINE OF THE 50 FOOT RIGHT-OF-WAY OF BAY DRIVE AS PLATTED  
IN THE SECOND ADDITION TO MARINELAND ACRES AND RECORDED IN MAP BOOK  
5, PAGES 60 - 62; THENCE LEAVING SAID RIGHT-OF-WAY OF STATE ROAD A-1-A  
NORTH  $76^{\circ} 23' 10''$  EAST ALONG THE SOUTHERLY RIGHT-OF-WAY OF BAY DRIVE  
1526.37 FEET TO THE EAST LINE OF SECTION 39, TOWNSHIP 10 SOUTH, RANGE  
31 EAST; THENCE SOUTH  $11^{\circ} 17' 23''$  EAST ALONG THE EAST LINE OF SAID  
SECTION 39, 121.40 FEET; THENCE LEAVING SAID EAST LINE OF SECTION 39  
NORTH  $89^{\circ} 15' 20''$  EAST ALONG THE SOUTH LINE OF LANDS DESCRIBED IN  
OFFICIAL RECORDS BOOK 187, PAGE 0297 OF THE PUBLIC RECORDS OF FLAGLER  
COUNTY FLORIDA, 1927.00 FEET TO THE MEAN HIGH WATER LINE OF THE  
ATLANTIC OCEAN; THENCE SOUTH  $23^{\circ} 01' 10''$  EAST ALONG SAID MEAN HIGH  
WATER LINE 534.04 FEET; THENCE SOUTH  $21^{\circ} 07' 32''$  EAST 547.50 FEET TO  
THE SOUTH LINE OF GOVERNMENT LOT 1, SECTION 20, TOWNSHIP 20 SOUTH,  
RANGE 31 EAST; THENCE LEAVING SAID MEAN HIGH WATER LINE SOUTH  
 $88^{\circ} 23' 22''$  WEST ALONG SAID SOUTH LINE OF GOVERNMENT LOT 1, SAID LINE  
ALSO BEING THE NORTH LINE OF ARMAND BEACH EAST, A SUBDIVISION RECORDED  
IN MAP BOOK 8, PAGE 22 OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA  
2126.82 FEET TO THE EAST LINE OF SECTION 39, TOWNSHIP 10 SOUTH, RANGE  
31 EAST; THENCE SOUTH  $11^{\circ} 17' 23''$  EAST ALONG SAID EAST LINE 140.00  
FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION.

PARCEL CONTAINING 102.6108 ACRES, MORE OR LESS.

EXHIBIT A SHEET 2 OF 3

OFF R/C 0403 PAGE 0983

NORTH TRACT



CLUSTER DATA

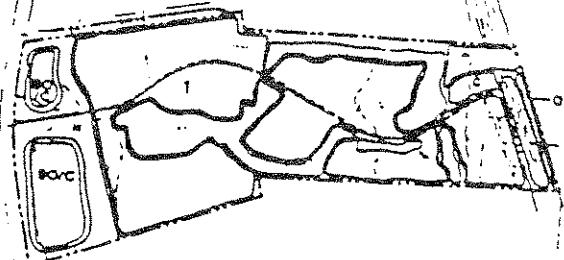
CLUSTER NUMBER	APPROVED NUMBER OF DWELLING UNITS	PROPOSED NUMBER OF DWELLING UNITS
1	238 UNITS	238 UNITS
2	71 UNITS	73 UNITS
3	267 UNITS	229 UNITS
4	191 UNITS	132 UNITS
5	267 UNITS	238 UNITS
6	308 UNITS	414 UNITS
TOTAL	1450 UNITS	1446 UNITS

- LAND USE  
 RESIDENTIAL 1/4 acre  
 RESIDENTIAL 1/2 acre  
 COMMERCIAL AND MIXED  
 OTHER USES  
 TRANSPORTATION  
 COMMUNICATIONS  
 OTHER USES  
 FOREST  
 WOODLAND  
 FOREST  
 COASTAL BERM  
 WATER AND ESTUARINE  
 OTHER WATER AREAS  
 PRIMARY FOREST  
 SECONDARY FOREST  
 EXPOSED ROCK  
 CROWN FEATURES  
 PROPERTY LINE  
 BIKE/PEDESTRIAN

NOTE:  
 THE NUMBER OF APPROVED UNITS FOR CLUSTER 3 IS 229 UNITS.  
 THE APPROVED NUMBER OF DWELLING UNITS FOR CLUSTERS 1, 2, 4, 5, AND 6 WAS 238 UNITS.  
 CLUSTERS 1, 2, 4, 5, AND 6 WERE APPROVED AS A GROUP.

4 7 2 6 7  
0 0 8 0 0

SOUTH TRACT



OFF RLC 0403 PAGE 09

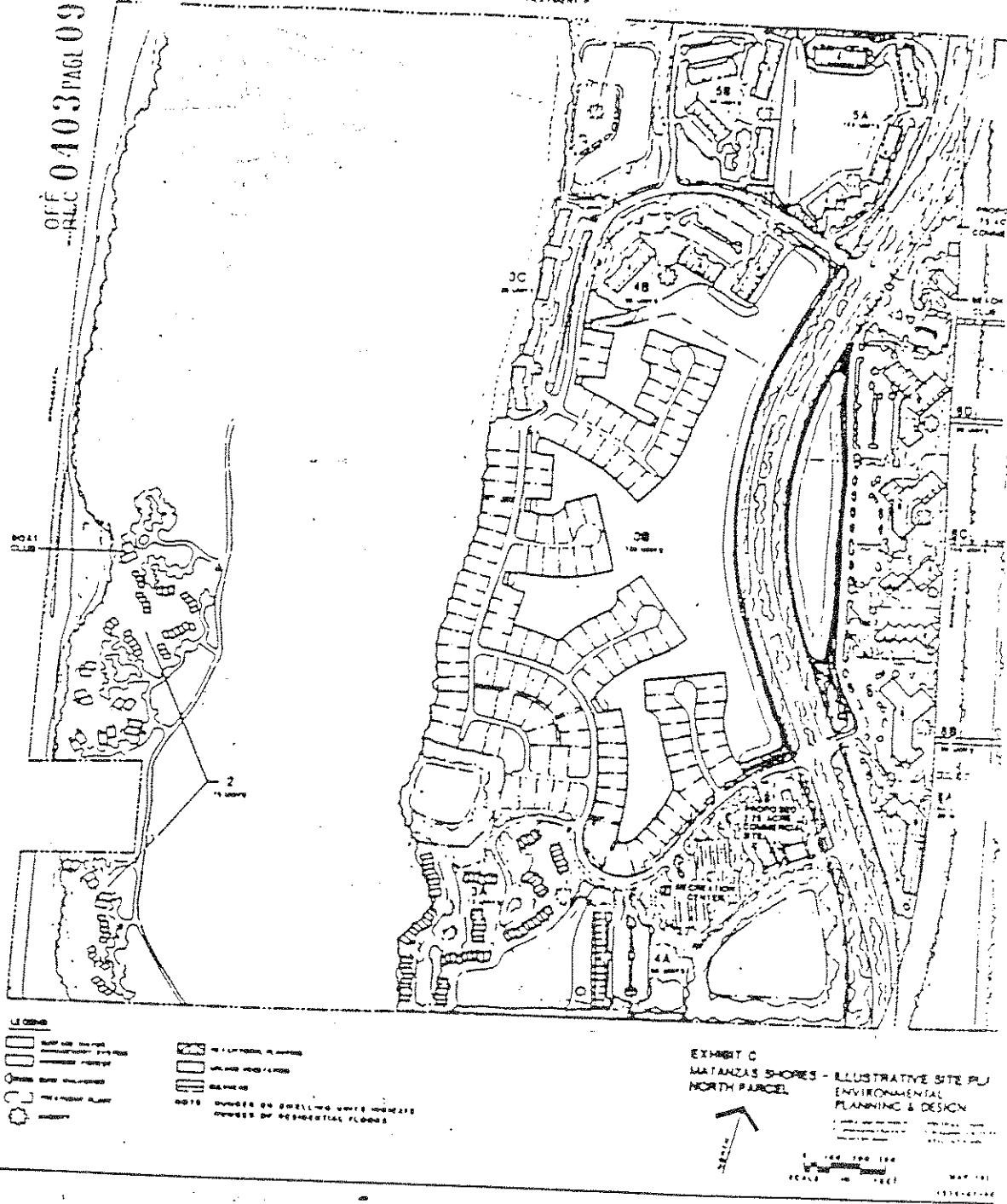


Exhibit C



REC 0403 PAGE 0987 OF  
**ARTICLES OF INCORPORATION**

**MATANAS SHORES OWNER'S ASSOCIATION, INC.**

(A corporation not for profit)

The undersigned, by these Articles, associate themselves for the purpose of forming a corporation not for profit under Chapter 617, Florida Statutes, and certify as follows:

ARTICLE I

NAME/DURATION

The name of the corporation is MATANAS SHORES OWNER'S ASSOCIATION, INC., and its duration shall be perpetual.

ARTICLE II

PURPOSE AND POWERS

The purpose of this corporation is to provide for a unified effort in protecting the value of the property of the members of the corporation, in accordance with the Declaration of Covenants, Conditions and Restrictions for Matanas Shores recorded (or to be recorded) in the Public Records of Flagler County, Florida, and any Supplemental Declaration filed in accordance therewith (hereinafter the "Declaration"). The Association shall exercise all the powers and privileges and perform all of the duties and obligations of the corporation as defined and set forth in these Articles, the By-Laws, and the Declaration. The Association shall also have all powers granted by statutory and common law not in conflict with the terms of the Declaration, these Articles, and the By-Laws. The powers of the Declaration include the establishment and enforcement of the payment of charges or assessments contained therein, the power to exercise for the management of the Association and engagement in such other lawful activities as may be to the mutual benefit of the members and their property.

The Association is not organized for profit and no part of the net earnings, if any, shall inure to the personal benefit of any member or individual person, firm or corporation.

The Association is not a condominium association under Chapter 718, Florida Statutes.

Terms used herein shall have the meanings ascribed to them in the Declaration, unless the context would prohibit.

ARTICLE III  
MEMBERSHIP AND VOTING RIGHTSSection 1. Membership.

Every Person who is a record owner of a fee or undivided fee interest in any Unit which is or is at any time made subject to the Declaration shall be a Member of the Association. Membership shall be appurtenant to and inseparable from ownership of a Unit. Where any one Unit is owned by a Person consisting of more than one individual or other legal entity, the entities holding title shall all be Members, but the vote of such Members shall be exercised collectively, with any one Unit having only one vote. Any Person, owning more than one Unit shall have as many memberships as the number of Units owned. Membership in the corporation and transfer thereof shall be upon such terms and conditions as provided in the Declaration and By-Laws.

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

Class A. Class A Members shall be all of those owners as defined in Section 1, with the exception of the Declarant. A Class A Member shall be entitled to one (1) vote for each Unit in which they hold the interests required for membership by Section 1.

Class B. Class B Member shall be the Declarant. The Class B Member shall be entitled to elect a majority of the Board of Directors until such time as 66 2/3 of the Units in the Property have been sold and conveyed to Class A Members or a Parcel Developer. Upon the transfer of title of any Unit from Declarant to a Person other than to one of Declarant's subsidiaries or assigns, the Class B membership interest in such Unit shall automatically be converted to a Class A membership interest.

Class B Membership will terminate completely upon the happening of any of the following events:

a) When the Company has conveyed title to 66 2/3 of the Units in the Property to Class A Members or Parcel Developers (Expiration of the Declarant Control Period).

b) Upon the Declarant providing written notice to the Association Board of Directors of the Declarant's election to terminate Class B Membership.

Upon termination of Class B Membership, the Declarant shall be entitled to Class A Membership for each Unit, if any, in which it still holds the interest necessary for such membership. No termination of Class B Membership shall affect any other rights reserved to the Declarant by the Declaration, these Articles or the By-Laws.

ARTICLE IV  
BOARD OF DIRECTORSSection 1. First Board of Directors.

The affairs of the corporation shall be managed by a Board of Directors consisting of not less than three (3) nor more than five (5) persons. Directors appointed by the Declarant need not be Members of the Association. The number of persons who are to serve on the First Board of Directors until the first annual meeting of the Association at which the Class A Members are entitled to elect a Director (as set forth below) shall be three (3) and their names and addresses are as follows:

John P. Garzoli - 1 Corporate Dr., Palm Coast, FL 32161

Robert DeVore - 1 Margrove Circle, Palm Coast, FL 32161

James J. Johnson - 1 Margrove Circle, Palm Coast, FL 32161

The First Board of Directors shall be the Board of the Association until the first Annual Meeting after the Company has conveyed thirty-three percent (33%) of the Units in the Property to Class A Members or Parcel Developers. The Declarant shall have the right to elect all the directors of the First Board until such Annual Meeting. After such Annual Meeting, the Declarant shall have the right to elect all the Directors who are not elected by the Class A Members as set forth in Section 3 below.

Directors of the Association elected by the Company shall serve at the discretion of the Company, and, in the event of vacancies of such Directors, such vacancies shall be filled by the person designated by the Company. The fact that the Class A Members have not elected or refuse to elect Directors shall not interfere with the right of Directors elected by the Company to resign.

Section 2. Class A Election of Directors. At the first Annual Meeting after the Company has conveyed thirty-three percent (33%) of the Units in the Property and at all Annual Meetings thereafter until the Turnover Meeting described in Section 3 below, the number of Directors shall be increased to five and the Class A Members of the Association shall elect two Directors and the Declarant shall appoint three Directors.

Section 3. Turnover of Association Control. A Turnover Meeting shall be held within 120 days after the Declarant has conveyed sixty-six percent (66%) of the Units in the Property to Class A Members or Parcel Developers. At the Turnover Meeting and at all Annual Meetings of the Association thereafter, the Class A Members of the Association shall elect all of the Directors in the manner provided in the By-Laws.

#### ARTICLE V

##### OFFICERS

Officers shall be elected by the Board of Directors and shall consist of a President, Vice President, Treasurer and Secretary. Officers need not be Members of the Association. The following persons shall serve as Officers until the first election of Officers under these Articles of Incorporation:

President - John P. Cassell  
Vice President - Vince Visconti  
Secretary/Treasurer - Robert Deters

#### ARTICLE VI

##### INDEMNIFICATION

Section 1. Indemnity. The Association shall indemnify any person who was or is a party to any pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is or was a director, employee, officer or agent of the Association, against expenses (including attorneys' fees and appellate attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he

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or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. However no indemnification shall be made in respect to any claim, issue or matter in which such person shall have been adjudged to be liable for gross negligence or malfeasance or malversation in the performance of his or her duty to the Association. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Approval. Any indemnification under Section 1 above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper under the circumstances because he or she has met the applicable standard of conduct set forth in Section 1 above. Such determination shall be made (a) by the Board of Directors by a majority vote of the directors who were not parties to such action, suit or proceeding, or (b) if a majority of disinterested directors so directs, by independent legal counsel in a written opinion, or by a majority of the members.

Section 3. Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of said action, if it is authorized by the Board of Directors in the specific case. Provided, the Board must first request an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized in this Article.

Section 4. Miscellaneous. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of members or otherwise.

Section 5. Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, insuring against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article.

#### ARTICLE VII

#### SUBSCRIBERS

The following persons hereby subscribe to these Articles of Incorporation:

The address of each of these incorporators is:

John F. Cazzoli - 1 Corporate Dr., Palm Coast, FL 32051  
Patricia Malone - 1 Margrove Grade, Palm Coast, FL 32051  
Vince Vianello - 1 Margrove Grade, Palm Coast, FL 32051

BY-LAWS

The By-Laws are to be written and approved by the Board of Directors. Until the First Annual Meeting at which the Class A Members are entitled to elect a Director, the By-Laws may be amended, altered or rescinded by unanimous vote of all the Directors. The By-Laws may thereafter be adopted, amended, altered or rescinded only with the approval of not less than seventy-five (75%) percent of all the Directors or a majority vote of the voting Members representing not less than fifty-five (55%) percent of the votes of all Members of the Association entitled to vote on the proposed change. No amendment shall be effective which would affect the rights of the Company without the approval of the Company.

The By-Laws shall include the time and place for annual meetings and for regular and special meetings, quorum requirements, the manner of electing directors and officers and voting requirements.

ARTICLE IX

AMENDMENT OF ARTICLES

Section 1. Manner of Amendment. These Articles of Incorporation may be amended, altered or rescinded only with the approval of not less than eighty (80%) percent of all the Directors or not less than a majority vote of the Voting Members representing at least seventy-five (75%) percent of the members of the Association entitled to vote. Provided, that no amendment shall be effective which would affect the rights of the Declarant without the approval of the Declarant.

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

ARTICLE X

INITIAL REGISTERED OFFICE AND AGENT

The street address of the initial registered office of this Corporation is 1 Margrove Grade, Palm Coast, FL 32637, and the name of the initial registered agent of this Corporation is Vince Viscani.

ARTICLE XI

DISSOLUTION

The Association may be dissolved, consistent with the applicable provisions of Florida Statutes, upon petition having the assent given in writing and signed by not less than one hundred percent (100%) 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 disposed of in accordance with the Declaration.

No Stock or Dividends

There shall be no dividends to any of the members. This Corporation shall not issue shares of stock of any kind or nature whatsoever.

WE, the undersigned, being each of the subscribers hereto, do hereby subscribe to these Articles of Incorporation and in witness whereof, we have hereunto set our hands and seals this 3rd day of June 1988.

John G. Gazzola  
John L. Williams

Robert E. Belote

STATE OF FLORIDA

COUNTY OF FLAGLER

BEFORE ME, the undersigned authority, personally appeared John S. Gazzola, Vicne Visconti and Robert Devore, and acknowledged before me that they executed the above and foregoing Articles of Incorporation for the purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal at Flagler County, Florida, this 3rd day of June, 1988.

Victoria L. Lake  
NOTARY PUBLIC

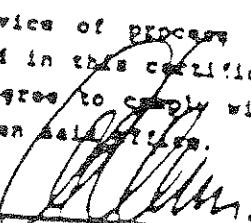
By Commission Expires:

July 20th, 1988  
By Commission issued May 22, 1988

ACCEPTANCE BY RESIDENT AGENT

Having been named to accept service of process for the above stated corporation, at place designated in this certificate, I hereby accept the act in this capacity, and agree to comply with the provisions of said Act relative to keeping open sales offices.

By:

  
(Resident Agent)

STATE OF FLORIDA  
COUNTY OF FLAGLER

I hereby certify that on this day before me, a Notary Public duly authorized in the State and County named above to take acknowledgments, personally appeared Vince Visconti, to me known to be the person described therein, and he acknowledged before me that he executed the above acceptance for the purposes therein expressed.

WITNESS my hand and official seal in the County and State named above this 1rd day of June, 1988.

  
NOTARY PUBLIC

(N.P. SEAL)

My Commission Expires:

6/30/1988  
By Commission issued by D. P.R.  
6/2/86

FILED  
FEB 1 1988  
CLERK OF COURT  
FLA  
RECEIVED  
FEB 1 1988  
CLERK OF COURT  
FLA

REC: 7/2/89  
ARTICLES OF AMENDMENT  
FIRST AMENDMENT  
MATANZAS SHORES OWNER'S ASSOCIATION, INC.

OFF 0403 PAGE 0091 REC

1. Article III, Section 2 of the Articles of Incorporation of Matanzas Shores Owner's Association, Inc., filed on June 6, 1988 (Document Number N26802), is hereby amended to read:

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

Class A. Class A Members shall be all of those owners as defined in Section 1, with the exception of the Declarant. A Class A Member shall be entitled to one (1) vote for each Unit in which they hold the interests required for membership by Section 1.

Class B. Class B Member shall be the Declarant. The Class B Member shall be entitled to elect a majority of the Board of Directors until such time as 66% of the Units in the Property have been sold and conveyed to Class A Members or a parcel Developer. Upon the transfer of title of any Unit from Declarant to a Person other than to one of Declarant's subsidiaries or assigns, the Class B membership interest in such Unit shall automatically be converted to a Class A membership interest.

Class B Membership will terminate completely upon the happening of the earliest of the following events:

- a) When the Declarant has conveyed title to 66% of the Units in the Property to Class A Members or Parcel Developers.
- b) Five years from the first recording of the Declaration.
- c) Upon the Declarant providing written notice to the Association Board of Directors of the Declarant's election to terminate Class B Membership.

Upon termination of Class B Membership, the Declarant shall be entitled to Class A Membership for each Unit, if any, in which it still holds the interest necessary for such membership. No termination of Class B Membership shall affect any other rights reserved to the Declarant by the Declaration, these Articles or the By-Laws.

2. Article IV, Section 3 of the above referenced Articles of Incorporation is hereby amended to read:

Section 3. Turnover of Association Control. A Turnover Meeting shall be held within 120 days after the termination of Class B Membership in accordance with Article III, Section 2. At the Turnover Meeting and at all Annual Meetings of the Association thereafter, the Class A Members of the Association shall elect all of the Directors in the manner provided in the By-Laws.

3. The foregoing amendment was adopted by the Board of Directors of  
the corporation on the 20<sup>th</sup> day of February, 1989.

IN WITNESS WHEREOF, the undersigned President and Secretary of  
the corporation have executed these Articles of Amendment this  
20<sup>th</sup> day of February, 1989.

R. J. Fink  
President  
R. J. Fink  
Secretary

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OFF STATE OF FLORIDA  
COUNTY OF

BEFORE ME, the undersigned authority, personally appeared  
Ronald J. Fink, known to me to be the person who executed the  
foregoing Articles of Amendment and who acknowledged before me that he  
executed those Articles of Amendment for the purpose therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this  
20<sup>th</sup> day of February, 1989.

My Commission Expires:

NOTARY PUBLIC STATE OF FLORIDA  
BY COMMISSION EXP. FEB 10, 1990  
ISSUED THRU GENERAL INS. UWS.

James D. Russell  
Notary Public, State of Florida



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B Y - L A W S

OF

MATANZAS SHORES OWNER'S ASSOCIATION, INC.

ARTICLE I  
Names, Principal Office, and Definitions

Section 1. Name. The name of the Association shall be the Matanzas Shores Owners Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Principal Office. The Principal office of the Association in the State of Florida shall be located in Flagler County. The Association may have such other offices, as the Board of Directors may determine or as the affairs of the Association may require.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Matanzas Shores Owners Association, Inc. (said Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit.

ARTICLE II  
Association: Membership, Meetings, Quorum, Voting, Proxies

Section 1. Membership. The Association shall have two (2) classes of membership, Class "A" and Class "B", as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Properties or as convenient thereto as possible and practical.

Section 3. Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within one year from the date of incorporation of the Association. Meetings shall be of the Voting Members or their alternates. Subsequent regular annual meetings shall be set by the Board so as to occur at least ninety (90) but not more than one hundred twenty (120) days before the close of the Association's fiscal year on a date and at a time set by the Board of Directors.

Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Voting Members representing at least ten (10%) percent of the total votes of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Voting Members shall be delivered, either personally or by mail, to each Voting Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

Member at his address as it appears on the records of the Association, with stage thereon prepaid.

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Section 6. Waiver of Notice. Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member or alternate shall be deemed waiver by such Voting Member of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meeting of the Association cannot be held because of quorum is not present, a majority of the Voting Members who was present at such meeting, either in person or by alternate, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reasons a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to voting Members in the manner prescribed for regular meetings.

The Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjourned, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum, provided that Voting Members or their alternates representing at least twenty-five (25%) percent of the total votes of the Association remain in attendance, and provided further than any action taken is approved by at least a majority of the Members required to constitute a quorum.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. Voting Members may not vote by proxy but only in person or through their designated alternates.

Section 10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than fifty (50%) percent of the total number.

Section 11. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by alternate of the Voting Members representing a majority of the total votes in the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 13. Action Without A Meeting. Any action required by law to be taken at a meeting of the Voting Members, or any action which may be taken at a meeting of the Voting Members, may be taken without a meeting if written consent setting forth the action so taken is signed by all of the Voting Members entitled to vote with respect to the subject matter thereof, and any such consent shall have the same force and effect as a unanimous vote of the Voting Members.

shall have one (1) vote. Except with respect to directors appointed by the Declarant, the directors shall be Members or spouses of such Members, provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of an Owner which is a corporation or partnership, the person designated in writing to the Secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a director.

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Section 2. Directors During Class "B" Control. The Directors shall be selected by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

- (a) When sixty-six (66%) percent of the Units described in Exhibit "D" of the Declaration have been conveyed to Persons (including Parcel Developers) other than the Declarant;
- (b) Five (5) years from the first recording of the Declaration;
- (c) Upon the Declarant providing written notice to the Association Board of Directors of the Declarant's election to terminate Class "B" Membership.

Section 3. Right To Disapprove Actions. This Section 3 may not be amended without the express, written consent of the Class "B" Member as long as the Class "B" membership exists.

So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove actions of the Board and the Modifications Committee, as is more fully provided in this Section. This right shall be exercisable only by the Class "B" Member, its successors, and assigns who specifically take this power in a recorded instrument. The right to disapprove shall be as follows:

No action authorized by the Board of Directors or Modifications Committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

- (a) The Class "B" Member shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board of Directors meetings with Article III, Sections 8, 9, and 10, of these By-Laws and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meetings; and
- (b) The Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board, any committee thereof, or the Association. The Class "B" Member, its representatives or agents shall make its concerns, thoughts, and suggestions known to the members of the subject committee and/or the Board. The Class "B" Member shall have and is hereby granted a right to disapprove any such action, policy, or program authorized by the Board of Directors or any committee thereof and to be taken by the Board, such committee, the Association, or any individual member of the Association, if Board, committee, or Association approval is necessary for such action. This right may be exercised by the Class "B" Member, its representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. This right to disapprove may be used to block proposed actions but shall not extend to the requiring of any action or counteraction on behalf of any committee or the board or the Association. The Class "B" Member shall not u

laws and regulations or requirements of the Development Order.

Section 4. Number of Directors. The number of directors in the Association shall be not less than three (3) nor more than five (5), as provided in Section 6 below. The initial Board shall consist of three (3) members as identified in the Articles of Incorporation.

Section 5. Nomination of Directors. Except with respect to directors "selected by the Class "B" Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three (3) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Voting Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but is no event less than the number of positions to be filled. At least one (1) candidate shall be nominated from each Parcels, unless a Parcels has no person willing to serve or eligible for election. Nominations shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Voting Members and to solicit votes.

Section 6. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Within thirty (30) days after the time Class "A" Members, other than the Declarant own thirty-three (33%) percent of the Units described in Exhibit "D" or whenever the Class "B" Member earlier determines, the Association shall call a special meeting at which Voting Members other than the Declarant shall elect one (1) of the three (3) directors. The remaining two (2) directors shall be appointees of the Class "B" Member. The director elected by the Voting Members shall not be subject to removal by the Class "B" Member acting alone and shall be elected for a term of two (2) years or until the happening of the event described in subsection (b) below, whichever is shorter. If such director's term expires prior to the happening of the event described in subsection (b) below, a successor shall be elected for a like term.

(b) Within thirty (30) days after the time Class "A" Members, other than the Declarant own fifty (50%) percent of the Units described in Exhibit "D", or whenever the Class "B" Member earlier determines, the Board shall be increased to five (5) directors. The Association shall call a special meeting at which Voting Members other than the Class "B" Member shall elect two (2) of the five (5) directors. The remaining three (3) directors shall be appointees of the Class "B" Member. The directors elected by the Voting Members shall not be subject to removal by the Class "B" Member acting alone and shall be elected for a term of two (2) years or until the happening of the event described in subsection (c) below, whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (c) below, successors shall be elected for a like term.

(c) Within thirty (30) days after termination of the Declarant Control Period, the Association shall call a special meeting at which Voting Members other than the Class "B" Member shall elect three (3) of the five (5) directors. The remaining two (2) directors shall be appointees of the Class "B" Member. The directors elected by the Voting Members shall not be subject to removal by the Class "B" Member acting alone and shall serve until the first annual meeting following the termination of the Class "B" Control Period. If such annual meeting occurs within thirty (30) days after termination of the Class "B" Control Period, this subsection shall not apply and directors shall be elected in accordance with subsection (d) below.

(d) At the first annual meeting of the membership after the termination of the Declarant Control Period the Voting Members shall

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shall be elected to serve a term of two (2) years and two (2) directors of the initial term of office of each such director, a successor shall be elected to serve a term of two (2) years. Thereafter, all directors shall be elected to serve two (2) year terms. For the purpose of the election of directors, each Voting Member shall have one (1) a vote, and Voting Members representing Units owned by the Class B Member shall be entitled to vote, except as otherwise provided above.

At any election of directors, each Voting Member shall be entitled to cast one (1) equal vote with respect to each vacancy to be filled. The candidates receiving the largest number of votes shall be elected. The Directors elected by the Voting Members shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

Section 7. Removal of Directors and Vacancies. Any director elected by the Voting Members may be removed, with or without cause, to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called by the vote of Voting Members holding a majority of the votes entitled for that purpose. A director who was elected solely by the votes of Voting Members other than the Declarant may be removed from office prior to the expiration of his or her term only by the votes of a majority of Voting Members other than the Declarant. Upon removal of a director, a successor shall then and there be elected by the Voting Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Voting Members who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charge due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board, and it may appoint a successor. Any direct appointed by the Board shall serve for the remainder of the term of the director who vacated the position.

B. Meetings.

Section 8. Organizational Meetings. The first meeting of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any three (3) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram, charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail

delivered, telephone, or telegraph shall be delivered, telephoned, or give to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

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Section 11. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or whenever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protest- ing before or at its commencement about the lack of adequate notice.

Section 12. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because of quorum not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 13. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Voting Members representing a majority of the total vote of the Association at a regular or special meeting of the Association; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 14. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings. Meetings may be conducted by telephone and shall be considered as any other meeting, provided all directors are able through telephone connection to hear and to be heard.

Section 15. Open Meetings. Subject to the provisions of Section 16 of this Article, all meetings of the Board shall be open to all Voting Members, but Voting Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Voting Member may speak.

Section 16. Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as unanimous vote.

C. Powers and Duties.

Section 17. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Voting Members or the membership generally.

relating to the duties of the Board of Directors on all matters  
might arise between meetings of the Board of Directors.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of annual budgets in which there shall be established the contribution of each Owner to the Common Expenses.

(b) making assessments to defray the Common Expenses established the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment; provided, unless otherwise determined by the Board of Directors, the annual assessment for each Unit's proportionate share of the Common Expenses shall be payable in equal monthly installments, each such month to be due and payable in advance on the first day of each month for said month;

(c) providing for the operation, care, upkeep, and maintenance of all of the Common Areas and other property maintained by the Association.

(d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Common Areas and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area or other property maintained by the Association in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) making available (at a reasonable cost to cover reproduction charges) to any prospective purchaser of a Unit, any Owner of a Unit, any first Mortgagor, and the holders, insurers, and guarantors of a first Mortgage on any Unit, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Unit and all other books, records, and financial statements of the Association; and

Area reasonably necessary to the ongoing development or operation of the Common  
the parties.

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### Section 18. Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g), and (i) of Section 17 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of one (1) year and must permit termination by either party without cause and without termination by either party without cause and without termination fee on ninety (90) days' or less written notice.

Section 19. Accounts and Reports. The following management standards of performance will be followed unless the Board of resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association; provided, nothing herein shall prohibit the managing agent from earning commissions for services performed by the managing agent in leasing Units on behalf of the Owners of such Units;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(f) commencing at the end of the month in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying the monthly installments of assessments at the time of the report and describing the status of any action to collect such installments which remain delinquent (A monthly installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day of each month unless otherwise determined by the Board of Directors); and

(g) an annual report consisting of at least the following shall be distributed to all Voting Members within one hundred twenty (120)

financial position for the fiscal yr. The annual report referred above shall be prepared on an unaudited or reviewed basis, as determined by the Board, by an independent public accountant; provide during the Class "B" Control Period, the annual report shall include certified financial statements.

Section 20. Borrowing. The Board of Directors shall have power to borrow money for the purpose of maintenance, repair, restoration of the Area of Common Responsibility without the approval of the Voting Members of the Association. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Voting Member approval in the same manner provided in Article X, Section 4, of the Declaration for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities and the total amount of such borrowing exceeds or would exceed five (5%) percent of the budgeted gross expenses of the Association for that fiscal year. Notwithstanding anything to the contrary contained in the Declaration, these By-Laws or the Articles of Incorporation, during the Class "B" Control Period no Mortgage Lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Voting Members representing at least fifty-one (51%) percent of the Members other than the Declarant and the Declarant's nominees.

Section 21. Rights of the Association. With respect to the Common Areas, and in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Parcel and other owners or residents associations, both within and without the Properties. Such agreements shall require the consent of two-thirds (2/3rds) of all Directors of the Association.

The Association shall not be bound, either directly or indirectly, by any contract, lease, or other agreement (including any management contract) executed during the period of Declarant control of the Board of Directors unless such contract, lease or other agreement contains a right of termination exercisable by either party within penalty at any time, with or without cause, upon not more than ninety (90) days notice to the other party.

Section 22. Enforcement. The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or to use the Common Area for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Unit or to suspend an Owner's right to vote due to nonpayment of assessments. In the event that any Occupant of a Unit violates the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the Occupant; provided, however, if the fine is not paid by the Occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Covenants Committee, if any, or Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is made within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

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sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors or the Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any person.

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(c) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within thirty (30) days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provisions of the Declaration, these By-Laws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or Occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

#### ARTICLE IV Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Voting Members, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may, from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the

shall not be necessary to make it effective.

All agreements, contracts, deeds, leases, checks, instruments of the Association shall be executed by at least two (2) Directors or by such other person or persons as may be designated by resolution of the Board of Directors.

#### ARTICLE V Committees

**Section 1. General.** Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

**Section 2. Covenants Committee.** In addition to any other committees which may be established by the Board pursuant to Section of this Article, the Board of Directors may appoint a Covenant Committee consisting of at least five (5) and no more than seven (7) members. Acting in accordance with the provisions of the Declaration these By-Laws, and resolutions the Board may adopt, the Covenant Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Article III, Section 22 of these By-Laws.

**Section 3. Parcels Committees.** In addition to any other committees appointed as provided above, there shall be a Parcels Committee for each Parcel which has no formal organization structure or association. Such Parcels Committees shall consist of three (3) members; provided, however, by vote of at least fifty-one (51%) percent of the Owners within the Parcel this number may be increased to five (5).

The members of each Parcels Committee shall be elected by the vote of Owners of Units within that Parcel at an annual meeting of at least one-third (1/3rd) of the total votes of Units in the Parcel are represented, in person or by proxy. The Owners of Units within a Parcel shall have the number of votes assigned to their Units in the Declaration. Committee members shall be elected for a term of one (1) year or until their successors are elected. Any director elected to the Board of Directors from a Parcel shall be an ex officio member of the Committee. It shall be the responsibility of the Parcels Committee to determine the nature and extent of services, if any, to be provided to the Parcel by the Association in addition to those provided to all Members of the Association in accordance with the Declaration. A Parcels Committee may advise the Board on any other issue, but shall not have the authority to bind the Board of Directors.

In the conduct of its duties and responsibilities, each Parcels Committee shall abide by the procedures and requirements applicable to the Board of Directors set forth in Article III, Sections 8, 9, 10, 11, 12, 13, 14, 15, and 16, of these By-Laws; provided, however, the term "Voting Member" shall refer to the Owners of Units within the Parcel. Each Parcels Committee shall elect a chairman from among its members who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board of Directors and shall be the Voting Member from that Parcel.

#### ARTICLE VI Miscellaneous

**Section 1. Fiscal Year.** The fiscal year of the Association shall be set by resolution of the Board of Directors.

**Section 2. Parliamentary Rules.** Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict.

Section 3. Conflicts. If the provisions of Florida law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Florida law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagors. The Declaration and By-Laws, membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any Mortgagor, Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Properties as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Voting Member; or

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 6. Amendment. Prior to the conveyance of the first Unit, Declarant may unilaterally amend these By-Laws. After such conveyance, the Declarant may unilaterally amend these By-Laws so long as it still owns property described in Exhibit "A" to the Declaration for development as part of the Properties and so long as the amendment has no material adverse effect upon any right of any Member. Thereafter and otherwise, these By-Laws may be amended only by the affirmative vote (in person or by alternate) or written consent, or any combination thereof, of Voting Members representing seventy-five (75%) percent of the total votes of the Association, including seventy-five (75%) percent of the votes held by Members other than the Declarant. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. No amendment shall be effective until recorded in the public records of Flagler County, Florida.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege. No amendment may impair the validity or priority of the lien of any Mortgage held by a Mortgagor or impair the

OFF REC 0403MAY1008

I, the undersigned, do hereby certify:

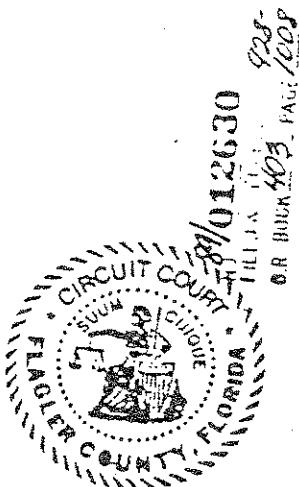
That I am the duly elected and acting Secretary of Matanzas Shores Owners Association, Inc., a Florida corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the \_\_\_\_\_ day of \_\_\_\_\_, 1989.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this \_\_\_\_\_ day of \_\_\_\_\_, 1989.

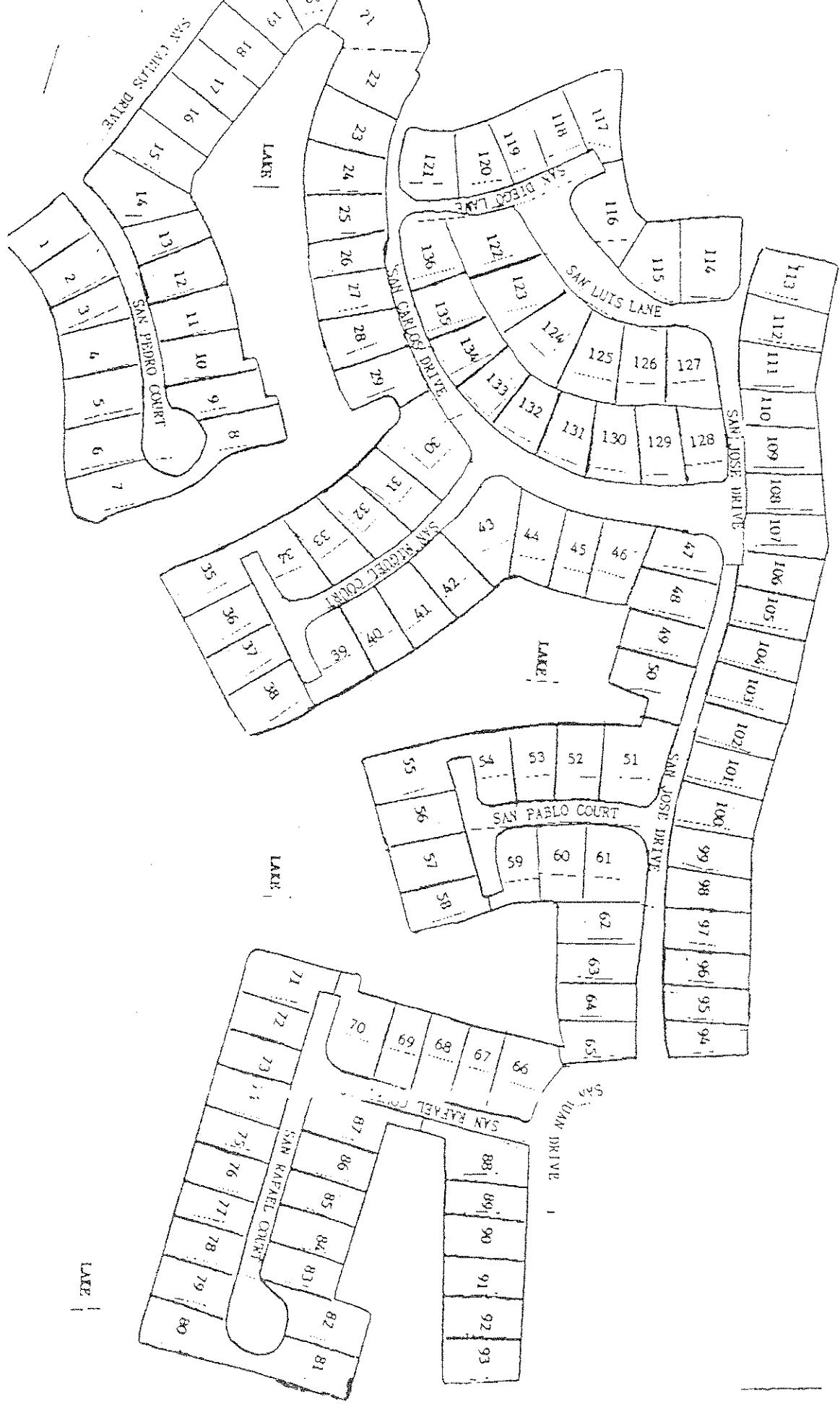
(SEAL)

Secretary



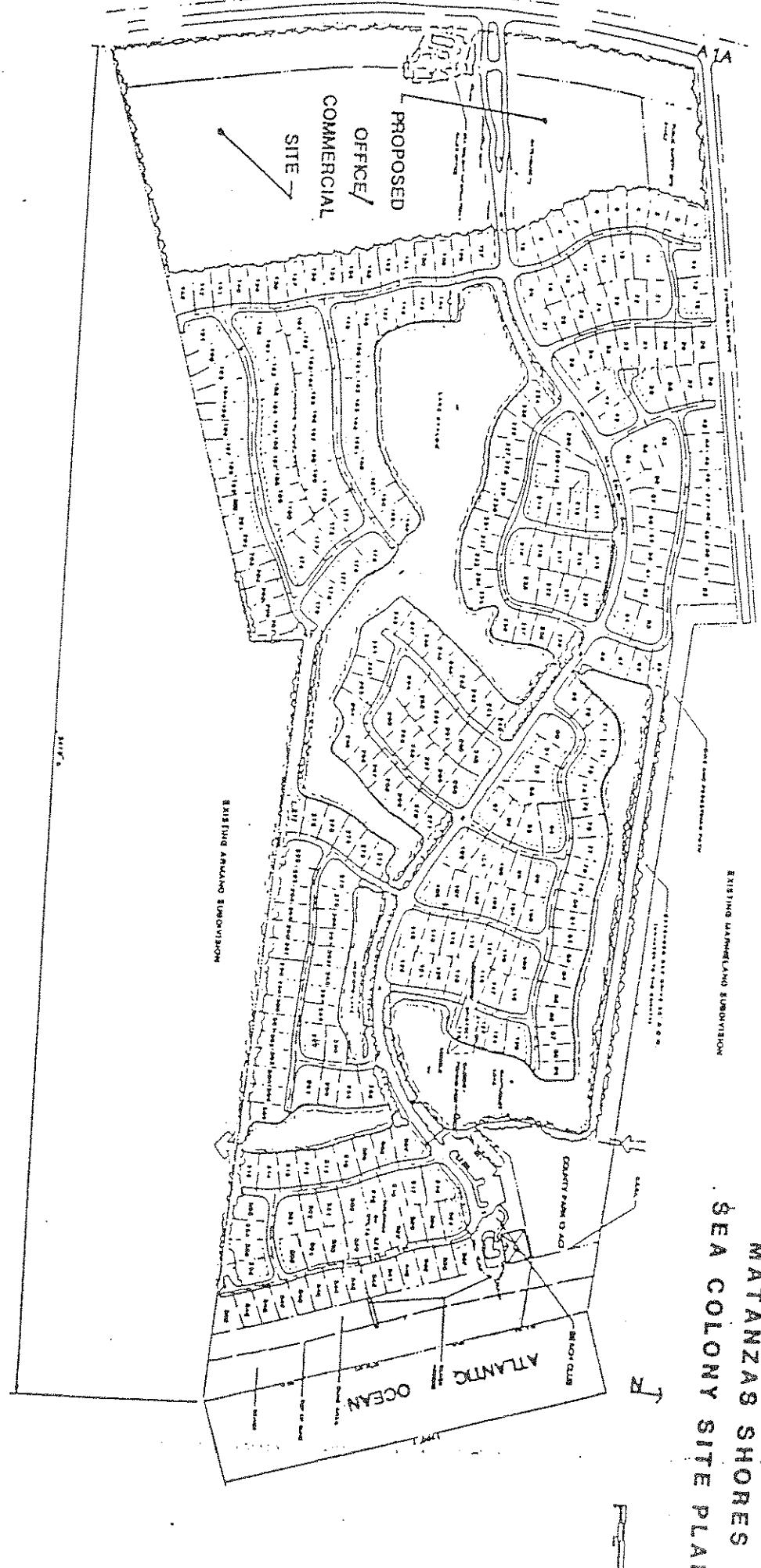
012630  
0R BLOCK 403 PAGE 1008  
925-

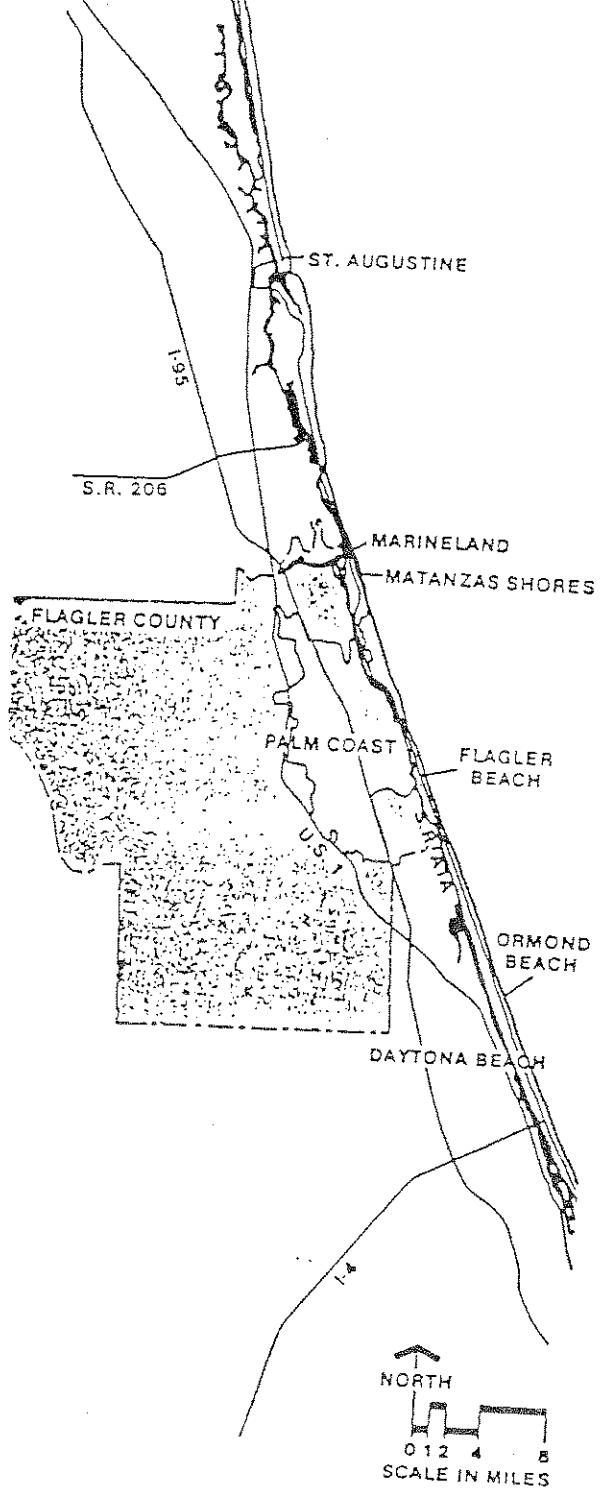
BB APR 24 P3:11  
J. Jucker, Jr.  
SECRETARY  
MATANZAS SHORES ASSOCIATION



SOUTH TRACT

MATANZAS SHORES  
SEA COLONY SITE PLAN





Location Map

OFF REC 0586 PAGE 1271

EXHIBIT "A"

LEGAL DESCRIPTIONS AND SKETCHES  
PARCELS 3-A AND 3-C OF MATANZAS SHORES

HELT C 1000

NISSE NISSE NISSE

SHEET ONE OF FIVE

The following Legal Description prepared by Clyda W. Roach, Palm Coast Engineering and Design Services, Inc. 1 Corporate Drive, Palm Coast, Florida.

Date; March 14, 1998.

Parcel 700.02, (Parcel 3-A) Matanzas Shores.

DESCRIPTION:

OFF REC 0586 PAGE 1272

A parcel of land lying in Government Section 38, Township 10 South, Range 31 East, being a portion of the "Subdivision Plat Section 04, Palm Coast" Recorded in Map Book 26, Pages 4 and 5 of the Public Records of Flagler County, Florida, being more particularly described as follows;

A POINT OF REFERENCE being the intersection of the Southerly line of said Government Section 38 extended Westerly to the Easterly right-of-way of the Intracoastal Waterway (300' R/W), thence North 17°14'46" West along said right-of-way 551.31 feet to a Point being the Northwest corner of "Willow Woods Subdivision" recorded in Map Book 3, Page 75, thence departing said Intracoastal Waterway North 69°39'06" East along the common boundary of said "Willow Woods" and said "Section 04, Palm Coast" 1388.49 feet to the POINT OF BEGINNING of this description, thence North 21°13'05" West a distance of 272.50 feet, thence North 07°11'25" West a distance of 151.43 feet, thence North curve, concave Northerly, thence Easterly a distance of 210.55 feet along the Arc of said curve to the left having a central angle of 27°12'13", a radius of 400.00 feet, a chord bearing of North 76°35'15" East and a chord distance of 211.63 feet to a point of intersection with a non-tangent curve, concave Westerly, thence Northeasternly a distance of 147.00 feet along the Arc of said curve to the left having a central angle of 21°05'57", a radius of 400.00 feet, a chord bearing of North 13°38'00" East and a chord distance of 146.47 feet to a point of intersection with a non-tangent curve, concave Northerly, thence Easterly a distance of 80.06 feet along the Arc of said curve to the left having a central angle of 30°14'53", a radius of 150.00 feet, a chord bearing of North 73°22'56" East and a chord distance of 79.12 feet to a point of tangency, thence North 53°05'28" East a distance of 123.90 feet to a point of curvature, thence 36.14 feet along the arc of a curve to the right (concave southerly) having a central angle of 35°15'15", a radius of 140.00 feet, a chord bearing of North 75°43'06" East and a chord distance of 84.79 feet to a point on the West right-of-way line of San Carlos Drive, thence South 14°15'43" West along said right-of-way a distance of 11.43 feet to a point of curvature, concave Northeasternly, thence Southerly a distance of 325.08 feet along the arc of said curve to the left having a central angle of 102°12'40", a radius of 180.00 feet, a chord bearing of South 07°13'34" East and a chord distance of 132.57 feet to the point of intersection with a non-tangent line, thence departing San Carlos Drive South 12°32'36" West a distance of 570.03 feet, thence South 69°39'06" West a distance of 730.00 feet to the POINT OF BEGINNING.

Parcel containing 3.2063 acres more or less.

Bearings refer to the Transverse Mercator Grid System of the East Zone of Florida and locally referenced to the East line of the Intracoastal Waterway near the southerly line of Government Section 38, Township 10 South, Range 31 East, being North 17°14'46" West.

OFF REC 0586 PAGE 1273

SCALE:  
= 200 FEET

A-30°34'35"  
R=130.00'  
L=80.06'  
CB=N77°22'38"E  
CH=79.12'

A-31°05'37"  
R=100.00'  
L=147.00'  
CB=N76°33'28"E  
CH=211.83'

A-35°15'73"  
R=110.00'  
L=82.14'  
CB=N77°15'06"E  
CH=84.70'

A-10°24'10"  
R=160.00'  
L=333.08'  
CB=S17°18'54"E  
CH=202.87'

PART OF  
GOVERNMENT SECTION J8,  
TOWNSHIP 10 SOUTH,  
RANGE J1 EAST.

INTRACOASTAL  
WATERWAY

N69°38'06"E  
1388.49'

NORTHWEST CORNER  
OF WILLOW HOOFS

WILLOW HOOFS  
SUBDIVISION  
LOT 100 & PARCEL J8

POINT OF  
BEGINNING

POINT OF REFERENCE  
PROJECTION OF THE BOUNDARY LINE  
OF GOVERNMENT SECTION J8, TOWNSHIP 10 SOUTH,  
RANGE J1 EAST, EXCEPTING THAT PORTION OF THE  
EASTERN BOUNDARY LINE OF THE  
INTRACOASTAL WATERWAY (See X)

PARCEL 708.02

EXHIBIT "A" SHEET OF

TOWNSHIP 10 SOUTH, RANGE J1 EAST, FLAGLER COUNTY, FLORIDA.

SKETCH OF LEGAL DESCRIPTION

PARCEL J-4, MATANZAS SHORES.

PORTION OF GOVERNMENT SECTION J8,

TOWNSHIP 10 SOUTH, RANGE J1 EAST, FLAGLER COUNTY, FLORIDA.

P. 06

CHURCHWARD, ROBERTSON

JUL-29-1997 09:57:26

JUL 29 1997 11:42

1004 447 2653

PAGE 126

The following is Description prepared by Clyda Roach, Palm Coast Engineering and Design Services, Inc. 1 Corporate Drive, Palm Coast, Florida.  
Date: March 11, 1996.

Parcel 708.04, Matanzas Shores Parcel "J-C".

## DESCRIPTION:

OFF REC 0586 PAGE 1274

A parcel of land lying West of State Road A-1-A in Government Section 38, Township 10 South, Range 31 East, being a portion of the "Subdivision Plat Section 38, Palm Coast" recorded in Map book 26, Pages 4 and 5 of the Public Records of Flagler County, Florida, being more particularly described as follows;

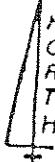
A POINT OF REFERENCE being the intersection of the Southerly line of said Government Section 38 extended Northerly to the Easterly right-of-way line of the Intracoastal Waterway (300' R/W), thence North 17°14'46" West along said right-of-way line a distance of 1801.75 feet, thence North 13°28'30" West along said right-of-way line a distance of 1326.16 feet, thence departing said Intracoastal Waterway North 69°09'14" East along the Northerly boundary line of said plat "Section 38" a distance of 1590.86 feet, thence departing said Boundary line South 20°20'46" East a distance of 703.40 feet to the POINT OF BEGINNING of this description, thence North 77°50'22" East a distance of 102.14 feet to a point on a curve, thence Southwesterly 190.82 feet along a curve 32°54'30", a radius of 314.80 feet, a chord bearing of South 05°17'37" West and a chord distance of 178.34 feet to a point of tangency, thence South 11°09'42" East along the westerly right-of-way line of San Juan Drive (60' R/W) a distance of 519.98 feet to a point of curvature, thence 169.59 feet along a curve to the right (concave Northwesterly) having a central angle of 80°58'25" a radius of 120.00 feet, a chord bearing of South 23°19'31" West and a chord distance of 155.83 feet to a point of tangency, thence South 69°48'42" West a distance of 92.80 feet, thence North 07°11'05" East a distance of 58.05 feet, thence North 13°39'48" West a distance of 145.07 feet, thence North 03°11'58" West a distance of 151.12 feet, thence North 11°08'04" West a distance of 453.22 feet to the POINT OF BEGINNING.

Parcel containing 2.7240 acres more or less.

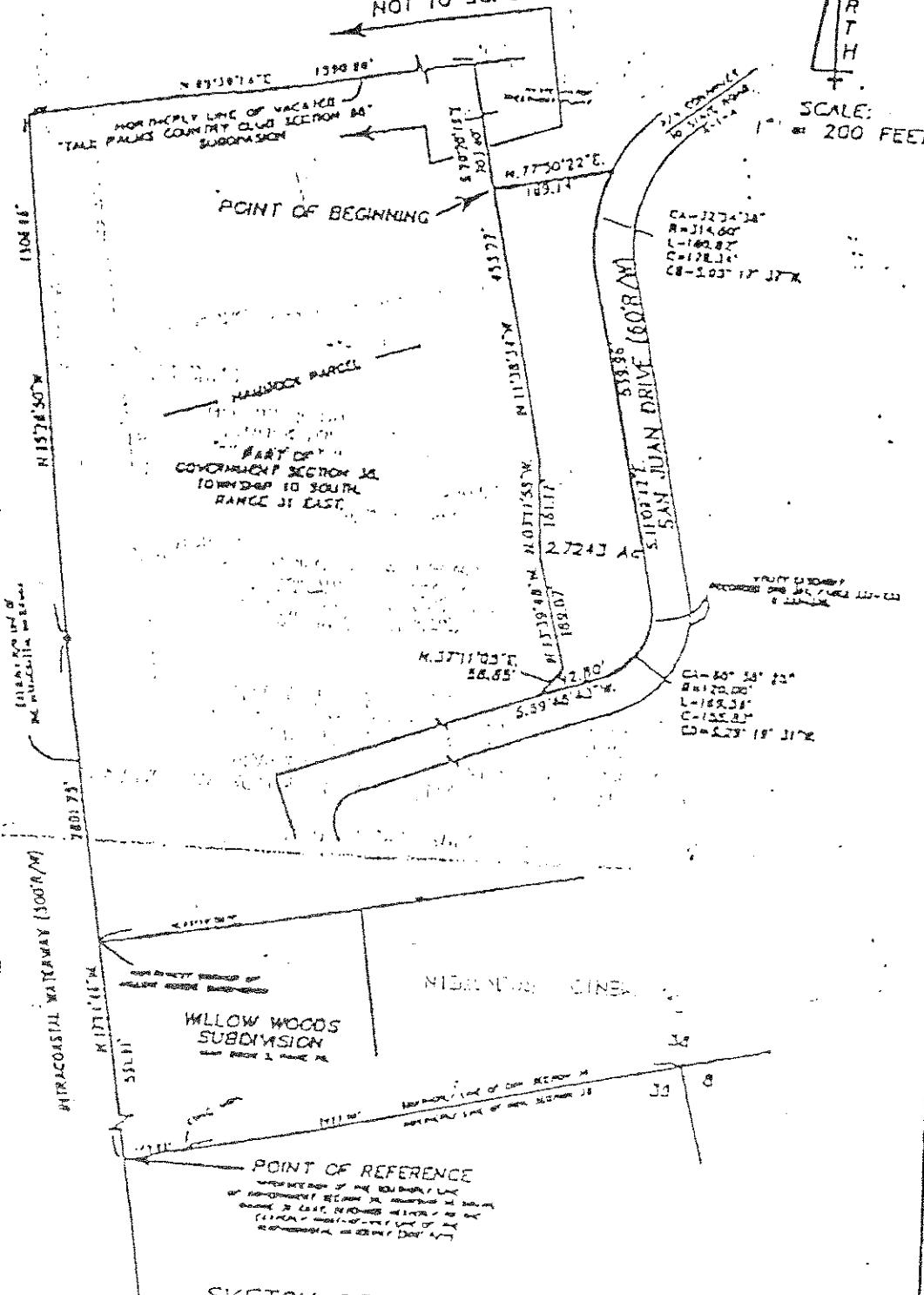
Bearings refer to the Transverse Mercator Grid System of the East Zone of Florida and locally referenced to the East line of the Intracoastal Waterway near the South line of Government Section 38, Township 10 South, Range 31 East, being North 17°14'46" West NAD 1983.

OFF REC 0586 PAGE 1275

NOT TO SCALE



SCALE:  
1" = 200 FEET



SKETCH OF LEGAL DESCRIPTION

PARCEL J-C, MATANZAS SHORES,  
PORTION OF GOVERNMENT SECTION 38,  
TOWNSHIP 10 SOUTH, RANGE 31 EAST, FLACLER COUNTY, FLORIDA.

SS/10/1984  
16-1704

EXHIBIT "A" SHEET OF

PARCEL 708.04

P.16

CHILLEMEND, REAUMESTEIN

JUL-29-1997 09:59:27



RESOLUTION 2005-01

**A RESOLUTION PROVIDING FOR THE COLLECTION OF DELINQUENT MEMBER ASSESSMENT PAYMENTS AND THE FILING OF A CONTINUING LIEN ENCUMBERING A MEMBER'S PROPERTY.**

WHEREAS, the Matanzas Shores Owner's Association, Inc., a Florida not for profit corporation, under Chapter 617 F.S., was formed June 3, 1988; and

WHEREAS, the purpose of the corporation is to provide for a unified effort in protecting the value of the property of the members of the corporation, in accordance with the Declaration of Covenants, Conditions and Restrictions for Matanzas Shores; and

WHEREAS, Article IX of the Declaration of Covenants, Conditions and Restrictions for Matanzas Shores obligates each owner, by acceptance of a deed, to pay to the Association annual assessments for the improvement and maintenance of North Tract and/or Wastewater (General Assessments) common elements; and

WHEREAS, the Declaration of Covenants, Conditions and Restrictions for Matanzas Shores and the Board of Directors has established all assessments are due annually, in advance, in equal installments, payable on the first calendar day of each month of the year for North Tract and the first calendar day of each calendar quarter for wastewater (General Assessments); and

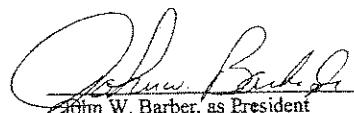
WHEREAS, According to Article IX of the Declaration of Covenants, Conditions and Restrictions for Matanzas Shores, and assessment not paid when due, shall become delinquent; after a period of more than thirty (30) days, each delinquent assessment shall incur an additional maintenance/late fee in the amount of Ten (\$10.00) Dollars, and the costs of interest and collection thereof, and thereupon may become a continuing lien of the member's parcel/condominium unit;

**NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MATANZAS SHORES OWNER'S ASSOCIATION, INC.:**

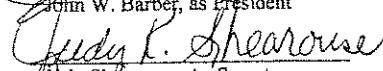
1. Member assessments are considered to be the full and complete responsibility of each Association member. No action on the part of Association shall be required to advise any Member of financial obligation to Association.
2. Member assessments shall be considered due to the Association of the first day of each calendar month for North Tract and on the first day of each calendar quarter for Wastewater (General Assessments), in advance. In accordance with Article IX, Section 8. of the Declaration of the Covenants, Conditions and Restrictions for Matanzas Shores, an additional maintenance fee/late fee of Ten (\$10.00) Dollars is due with each payment made thirty (30) calendar days after any monthly and/or quarterly due date.
3. Late Member assessment payments, paid thirty (30) days after any monthly and/or quarterly due date, shall include a Ten (\$10.00) Dollar Late Fee paid to the Matanzas Shores Owner's Association, Inc.

4. Member assessments in excess of sixty (60) days are considered seriously past due and the Community Manager is directed to identify same and specifically advise the Board of Directors, at its next duly noticed meeting, of the amount and prevailing conditions of the delinquency, and, when specifically directed by formal action of the Board of Directors, shall commence the due process for the filing of a continuous lien, as outlined with the Clerk of the Circuit Court of Flagler County, encumbering the parcel/condominium unit of said delinquent member, his heirs, devisees, personal representatives and assigns.
5. Further, as specifically directed by the Board of Directors, as provided for in Article IX, Section 4(c) of the Declaration of Covenants, Conditions and Restrictions for Matanzas Shores, delinquent assessments, together with ten percent (10%) interest and reasonable attorney fees shall be a charge on the land as part of the continuous lien. Formal action of the Board of Directors may also include acceleration of annual assessments for delinquents.
6. The Community Manager is authorized and directed to provide a copy of this Resolution to each Association member, by First Class, United States Mail to the Address of Record as contained in the records of the Corporation.

ADOPTED this 21<sup>st</sup> day of January 2005.



John W. Barber, as President

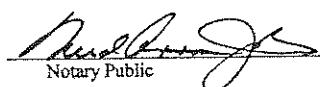


Judy L. Shearouse  
Judy Shearouse, As Secretary

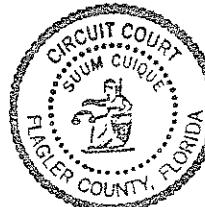
STATE OF FLORIDA  
COUNTY OF FLAGLER

BEFORE ME, personally appeared John W. Barber and Judy Shearouse, to me known and known to me to be the individuals described herein and who executed the foregoing Resolution as President and Secretary, respectively, of the Matanzas Shores Owner's Association, Inc. and acknowledged to and before me that they executed such instrument as directed by the Board of Directors of the Matanzas Shores Owners Association, Inc.

WITNESS my hand and official seal in the county and state last aforesaid this 31<sup>st</sup> day of January, 2005.



Notary Public



I HEREBY CERTIFY this to be a true  
And correct copy of the original  
GAIL WADSWORTH  
CLERK OF COURTS  
By \_\_\_\_\_ DC

