

Prepared by and return to:  
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**DECLARATION OF COVENANTS AND  
RESTRICTIONS FOR  
ESTATES AT GRAND HAVEN, PHASE 2**

THIS DECLARATION OF COVENANTS AND RESTRICTIONS is made by **Grand Haven Developers, LLC**, a Delaware limited liability company ("Declarant") as of this 27<sup>th</sup> day of OCTOBER, 2005.

ARTICLE I

INTRODUCTION AND DEFINITIONS

1.1 Introduction

(a) Declarant is the owner of the real property located in Palm Coast, Flagler County, Florida more particularly described on Exhibit A attached hereto (the "Property"). The Declarant has developed the Property as a residential subdivision known as Estates at Grand Haven, Phase 2.

(b) Declarant hereby restricts the use of the Property and declares that the Property and all portions thereof (except to the extent specifically exempted herein) and all additions made in accordance with this Declaration, shall be held, occupied, sold and transferred subject to the easements, restrictions and covenants of this Declaration, which Declarant is imposing for the benefit of all owners of the Property or portions thereof for the purpose and with the intent of preserving the value and maintaining the desirability of the Property.

(c) Every Person acquiring title to any portion of the Property shall be deemed to have agreed to all of the terms and provisions of this Declaration and shall be entitled to its benefits and subject to its obligations.

1.2 Definitions

Unless the context expressly requires otherwise, the words defined below whenever used in this Declaration and in the Legal Documents shall have the following meanings:

(a) "Architectural Design Guidelines" means the most recent version of the Grand Haven Architectural Design Guidelines promulgated by the Declarant from time to time, which sets forth architectural and landscaping guidelines and requirements for the construction of Dwellings on Lots.

(b) "Architectural Design Committee" shall mean and refer to the board established in the Master Declaration to approve exterior and structural improvements, additions and changes within the Property and to develop and administer architectural design standards for the Property and the other Villages within the Development.

(c) "Areas of Common Responsibility" shall mean and refer to areas designated by the Declarant as areas of common maintenance, repair and management, including without limitation, the street shoulders, walkways, sidewalks, street lighting, landscaping, and signage along all rights-of-way now or hereafter located on the Property, whether said rights-of-way are privately owned, Common Areas, dedicated to the public, or conveyed to the Association or the CDD. Furthermore, Areas of Common Responsibility shall mean and refer to the maintenance, repair and management of the Surface Water Management System and all lakes, lagoons, wetlands and drainageways now or hereafter located on the Property, or any portion thereof.

(d) "Assessment" shall mean and refer to an Owner's share of the Common Expenses or other charges from time to time assessed against an Owner by the Association in the manner herein provided.

(e) "Association" means The Grand Haven Master Association, Inc., a corporation not for profit organized pursuant to Chapter 617, Florida Statutes, its successors and assigns, in its capacity as an unincorporated association of Lot Owners within the Property, and in such capacity it is a Subordinate Association as defined in the Master Declaration.

(f) "Board" or "Board of Directors" means the Association's Board of Directors.

(g) "CDD" shall mean and refer to the Grand Haven Community Development District established by that Ordinance No. 97-03 of the Board of County Commissioners of Flagler County, Florida establishing a Community Development District known as The Grand Haven Community Development District filed April 2, 1997 in Official Records Book 579, page 253, and Notice of Establishment of The Grand Haven Community Development District filed September 30, 1999 in the Official Records Book 669, page 1656, all of the Public Records of Flagler County, Florida.

(h) "Club Owner" or "Owner of the Club Property" means the record owner from time to time of the Club Property.

(i) "Club Property" means all real and personal property now or hereafter established within the Development for use as golf course, golf clubhouse, golf practice range, golf course maintenance facility or other recreational activities customarily associated with golf country club operations. The Club Property shall not include any of the Property or the Common Areas or the CDD properties.

(j) “Common Areas” means all those areas of the Property designated by Declarant as a Common Area and which are or may be conveyed to the Association or to the CDD. The Common Areas may include, without limitation, entry features located at any or all of the access points to the Property, as well as the Recreational Amenities as are, from time to time, located within and form a part of the Property and are specifically designated by the Declarant as being Recreational Amenities, including, without limitation, such amenities as clubhouses, swimming pools, docks, parks, gazebos, leisure trails, bike paths, landscaped areas and gardens, and such other facilities and services as may be designated by the Declarant from time to time. Furthermore, "Common Areas" shall mean and refer to the Surface Water Management System and all lakes, lagoons, wetlands and drainageways now or hereafter located on the Property. The Common Areas shall not include any recreational amenities included within the Club Property. Any lakes, ponds, canals, lagoons, wetlands and drainageways now or hereafter located on the Club Property which are part of the Surface Water Management System may be deemed Common Area by the Declarant and conveyed to a CDD. If such areas of the Club Property which are a part of the Surface Water Management System, are not conveyed to the CDD, they shall nonetheless be deemed an Area of Common Responsibility.

(k) “Common Expenses” shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of this Declaration.

(l) “Declarant” means Grand Haven Developers, LLC, a Delaware limited liability company, whose address is 10161 Centurion Parkway North, Suite 190, Jacksonville, Florida, 32256, its successors and assigns to whom the rights of the Declarant hereunder are specifically assigned. Declarant may assign all or a portion of such rights in one or more assignments. In the event of a partial assignment, the assignee shall not be deemed the Declarant unless expressly stated in the assignment, but may exercise such rights of Declarant as are specifically assigned to it. Any assignment may be made on a non-exclusive basis.

(m) “Development” shall mean and refer to the mixed-use residential and commercial community located in Palm Coast, Flagler County, Florida and commonly known as Grand Haven.

(n) “Development Order” shall mean and refer to the Development Order applicable to the portion of River Club defined in the River Club Development of Regional Impact and adopted pursuant to Section 380.06(20), Florida Statutes, on January 3, 1989 as resolution No. 89-6 of the Board of County Commissioners of Flagler County, Florida, and recorded in Official Records Book 377, page 507 of the Public Records of Flagler County, Florida, as amended by Notice of Adoption of an Amendment to the Development Order recorded in Official Records Book 578, page 320, as amended by Notice of Adoption of an Amendment to the Development Order recorded in Official Records Book 590, page 1375, as same may be further amended and modified from time to time, as amended by Resolution 98-65 recorded in Official Records Book 628, page 1016 of the Public Records of Flagler County, Florida.

(o) “Dwelling” means any improved portion of the Property intended for use as a residential dwelling unit, including without limitation, any single family attached or detached house, townhouse, condominium unit or patio or cluster home, whether detached or attached, but excluding rental apartments. Improvements shall constitute a Dwelling at such time as construction of the improvement is sufficiently completed to receive final building inspection approval from the applicable governmental authorities or if such approval is not available, at such time as the improvements are substantially completed in accordance with applicable plans and specifications.

(p) “Lakefront Lots” means all Lots having common boundaries or containing within the Lot lines a portion of a lake or pond within the Property.

(q) “Law” means any statute, ordinance, rule, regulation, or order adopted or enforced by the United States of America, or any agency, officer, or instrumentality thereof, or by the State of Florida, or any agency, officer, municipality, or political subdivision thereof, from time to time applicable to the Property or to any and all activities on or about the Property.

(r) “Legal Documents” collectively means this Declaration of Covenants and Restrictions and any supplemental declarations made in accordance herewith, as amended from time to time, the Master Declaration, the Association's Articles of Incorporation (the "Articles") and the Association's By-Laws (the "By-Laws"), as the same may be amended from time to time.

(s) “Lot” means any plot of land shown on any recorded subdivision plat of the Property or portions thereof, which is intended as a building site for a Dwelling, and excluding any areas designated as Common Areas or dedicated for utility sites or public use.

(t) “Master Declaration” means the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Grand Haven Master Association dated February 21, 2001 and recorded in Official Records Book 729, page 259 of the Public Records of Flagler County, Florida.

(u) “Master Plan” means the conceptual plan for the development of the Grand Haven Development as determined by the Declarant from time to time, including the plan of development as described by the Development Order. All references to the Master Plan shall be references to the latest revisions thereof.

(v) “Members” means the members of the Association as defined and described in the Master Declaration and in the Articles of Incorporation of the Association.

(w) “Mortgage” means any mortgage, deed of trust, or other instrument validly transferring any interest in any Lot, or creating a lien on any Lot, in either case as security for performance of an obligation. The term "Mortgage" does not include judgments, involuntary liens, or liens arising by operation of Law. "First Mortgage" means any Mortgage constituting a lien prior in dignity to all other Mortgages encumbering the same property.

(x) “Mortgagee” means the Person(s) named as the obligee under any First Mortgage, or the successor in interest to any such Person, including the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Authority and similar guarantors or insurers of First Mortgages.

(y) “Owner” or “Lot Owner” means the record owner, whether one or more Persons, of the fee simple title to any Lot, including contract sellers, but excluding contract buyers and any Person holding such fee simple title merely as security for the performance of an obligation, and excluding the Association, and governmental authorities and utility companies that have received dedications or conveyances of rights-of-way or utility sites. Declarant is an Owner as to all portions of the Property owned by Declarant.

(z) [intentionally deleted]

(aa) “Person” means any natural person or entity having legal capacity.

(bb) “Plat” means any subdivision plat of any portion of the Property recorded in the Public Records of Flagler County, Florida and the recorded plat of any additional lands made subject to the provisions of this Declaration pursuant to the provisions hereof, and any amendments thereto.

(cc) “Property” means the real property in Flagler County, Florida, described in Exhibit "A" attached to this Declaration and such additions or deletions thereto as may be made in accordance with the provisions of this Declaration. The Property shall not include any portion of the Club Property.

(dd) “Recreational Amenities” means such recreational facilities and improvements as are, from time to time, located within the Development and specifically designated by the Declarant as being recreational amenities including, without limitation, such amenities as clubhouses, swimming pools, docks, parks, gazebos, leisure trails, bike paths and gardens, and such other facilities and services as may be designated by the Declarant from time to time. The Recreational Amenities shall not include any amenities included within the Club Property.

(ee) “Regulations” means any rules and regulations regarding the use of the Property duly adopted by the Association in accordance with the Legal Documents.

(ff) “Surface Water or Stormwater Management System” means a system which is designed and constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, over drainage, environmental degradation, and water pollution or otherwise affect the quantity and quality of discharges from the system, as permitted pursuant to Chapters 40C-4, 40C-40, or 40C-42, F.A.C..

(gg) “The Work” means the initial development of all or any portion of the Property pursuant to the Master Plan or the Development Order by the construction and

installation of streets, utility systems, community facilities, buildings, and other improvements, and the sale, lease, or other disposition of the Property as improved or unimproved parcels, but does not include the construction of individual Dwellings by Persons other than Declarant. "The Work" is to be broadly construed to include any and all activities, uses, structures, and improvements necessary, convenient, or desirable to accomplish such construction and disposition.

## ARTICLE II

### PROPERTY RIGHTS AND COMMON AREAS

#### 2.1 Common Areas.

(a) Conveyance of Common Areas. The Declarant will convey or cause to be conveyed to the Association in one or more conveyances, and the Association shall accept the title to the Common Areas owned by Declarant at such time as in its sole discretion it deems appropriate, but not more than one year following substantial completion of construction of the improvements located thereon or the date the United States Department of Housing and Urban Development insures any First Mortgage on a Unit, whichever shall first occur. The conveyance shall be subject to taxes for the year of conveyance, restrictions, conditions, and limitations of record, and easements for ingress, egress, drainage and public utilities. The property conveyed shall be accepted by the Association "as is" without any warranty express or implied as to the condition or value of such property. Upon recordation of any deed or deeds conveying Common Areas to the Association, the Association shall be conclusively deemed to have accepted the conveyance evidenced by such deed or deeds.

(b) Right of the Declarant to Designate Property as Common Area or to Withdraw Property from the Common Area. Notwithstanding anything to the contrary contained in this Declaration, the Declarant shall have the right, in its sole discretion, to designate land, easements, use rights and personal property owned by the Declarant as Common Areas provided only that such land shall be located within the Property or contiguous to the Property (for purposes of this subparagraph, property separated only by public or private roads, water bodies, golf courses, or open space shall be deemed contiguous). For so long as the Declarant shall own any portion of the Property, the Declarant may, at any time, withdraw, or cause to be withdrawn, land from the Common Areas in the Declarant's sole discretion. The prior sentence notwithstanding, in the event such withdrawal of Common Area shall materially and adversely affect access or drainage to or from any Lot or the Club Property, the Declarant shall not have the right to withdraw such Common Areas without the consent of the Owner of the Lot or the Club Property, which is so affected. Addition of land to and withdrawal of land from the Common Areas shall be evidenced by recording a deed or supplementary declaration in the public records of Flagler County, Florida, which shall specifically reference such addition or withdrawal. Withdrawal of land from the Common Areas by the Declarant shall terminate any and all easements and rights of use of the Owners in such land. No land owned by the Declarant shall be deemed to be Common Areas unless such land is expressly referenced as such herein, or subsequently designated as such by the Declarant pursuant to this subparagraph, even if the Declarant consents or acquiesces to the use of such land by the Owners. In the event any land,

easements, use rights, or personal property owned by the Association shall be withdrawn from the Common Areas pursuant to this Section, upon the Declarant's written request, the Association shall promptly execute and deliver to the Declarant any and all deeds, bills of sale, assignments or other conveyance documents as may be necessary or appropriate to confirm or effectuate the withdrawal of such Common Areas.

(c) Use by Declarant. Notwithstanding the transfer of ownership of the Common Areas to the Association, the Declarant shall have the right to use and occupy portions of the Common Area without payment of any rent or use fee as necessary or convenient for the development of the Property until Declarant has sold all Lots within the Property. Declarant shall have the right to cause the Association to enter into a written agreement evidencing this right and no such agreement shall be deemed to be a violation of any fiduciary or other duty of the officers or directors of the Association authorizing or executing such written agreement.

(d) Community Development District. Notwithstanding anything contained in this Declaration to the contrary, the Declarant reserves for itself, the Association and their respective successors and assigns the right to dedicate, transfer, sell or otherwise convey portions of the Property including, without limitations, the Common Areas and recreation facilities, to the CDD for purposes of having the CDD construct, operate, maintain and repair any and all public improvements which the CDD may legally own and operate pursuant to the Provisions of Chapter 190, Florida Statutes. Such public improvements may include, without limitation, roads, sewer and water facilities, landscaping, entry features, swimming pools, docks, parks, gazebos, leisure trails, bike paths and other recreational facilities. The Association may also contract with the CDD for the CDD to perform any maintenance or repairs of Common Areas and Areas of Common Responsibility. Each Owner shall execute all approvals and consents necessary to make all properties within the Development subject to the CDD and the laws, regulations and rules relating to the CDD. By acceptance of its deed of conveyance, each Owner appoints Declarant as attorney-in-fact for the Owner to execute any and all such approvals, consents and other instruments necessary to fully implement the CDD and make said Owner's property subject to the CDD and the laws, regulations and rules relating to the CDD. The foregoing appointment is a power coupled with an interest and shall be irrevocable. Each Owner shall be solely responsible for all service charges, fees and assessments levied by the CDD with respect to the property owned by such Owner, and failure to pay same when due may result in the imposition of liens against the property of said Owner. Upon conveyance of property to the CDD, all of the duties, responsibilities and obligations of the Association under this Declaration relating to such property and the improvements located thereon shall terminate and such duties, responsibilities and obligations shall thereafter be undertaken and performed by the CDD.

(e) Exculpation From Liability and Responsibility. IT IS CONTEMPLATED THAT TITLE TO OR EASEMENTS FOR THE COMMON STREETS AND SURFACE WATER MANAGEMENT SYSTEM FOR THE DEVELOPMENT HAVE HERETOFORE BEEN OR SHALL HEREAFTER BE GRANTED AND CONVEYED BY THE DECLARANT TO THE ASSOCIATION OR THE CDD. FOLLOWING SUCH CONVEYANCE THE ASSOCIATION OR CDD, AS APPLICABLE, SHALL, SUBJECT TO THE TERMS AND PROVISIONS OF THIS DECLARATION, HAVE SOLE AND EXCLUSIVE JURISDICTION OVER AND RESPONSIBILITY FOR THE OWNERSHIP, ADMINISTRATION,

MANAGEMENT, REGULATION, CARE, MAINTENANCE, REPAIR, RESTORATION, REPLACEMENT, IMPROVEMENT, PRESERVATION AND PROTECTION OF THE COMMON STREETS AND SURFACE WATER MANAGEMENT SYSTEM WITHIN THE DEVELOPMENT. ACCORDINGLY, EACH OWNER, BY THE ACCEPTANCE OF A DEED OR OTHER CONVEYANCE TO HIS LOT SHALL BE DEEMED TO HAVE AGREED THAT NEITHER THE DECLARANT, FLAGLER COUNTY NOR ANY OTHER GOVERNMENTAL AGENCY OTHER THAN THE CDD, IF APPLICABLE, SHALL HAVE ANY LIABILITY OR RESPONSIBILITY WHATSOEVER (WHETHER FINANCIAL OR OTHERWISE) WITH RESPECT TO THE COMMON STREETS AND THE SURFACE WATER MANAGEMENT SYSTEM FOR THE DEVELOPMENT AND EACH SUCH OWNER SHALL BE DEEMED TO HAVE FURTHER AGREED TO LOOK SOLELY AND EXCLUSIVELY TO THE ASSOCIATION OR THE CDD, AS APPLICABLE, WITH RESPECT TO ANY SUCH LIABILITY OR RESPONSIBILITY.

2.2 Owner's Easements of Enjoyment. Every Owner of a Lot and his lessees have a nonexclusive right and easement of enjoyment in and to the Common Areas that is appurtenant to, and passes with, the title to every Lot subject to the easements and other property rights granted in this Article and to the following:

(a) Assessments. Assessments for maintenance, repair and replacement of facilities, if any, situated upon the Common Areas as provided in this Declaration or other applicable recorded instruments.

(b) Dedication. The right of the Owner of the Common Areas, with the consent of the Declarant if not the Owner of the Common Areas, to dedicate or transfer all or portions of the Common Areas or interests therein to any public agency, authority, or utility. Any dedication or transfer made by Declarant as part of The Work or prior to transfer of control of the Association to Owners other than Declarant, shall not require the approval of the Lot Owners or the Association. Any other dedication or transfer must be approved by two-thirds (2/3) or more of the Members of the Association at a meeting duly convened for such purpose, and must be evidenced by a recorded certificate of the Association executed by the Association with the formalities from time to time required for a deed under the laws of the State of Florida.

(c) Declarant. The rights of the Declarant hereunder to add or withdraw land from the Common Areas and to occupy and use portions of the Common Areas for development purposes. The Declarant also has the right to approve or disapprove all construction, renovations or repairs of any improvements on the Common Areas and the location of such improvements.

(d) Rules and Regulations. The Association's right to adopt, alter, amend, rescind and enforce reasonable Regulations governing the use of the Common Areas.

(e) Legal Documents. The provisions of the Legal Documents and all matters shown on any plat of all or part of the Property.



(f) Easements. The right of the Declarant and, following the conveyance of the Common Areas to the Association, the Board of Directors of the Association to grant easements for utilities or drainage across all or any part of the Common Areas.

(g) Requirements of Law. The provisions of applicable Laws and all construction, water quality, environmental protection and other permits issued in connection with the development of the Property.

(h) General. Real estate taxes and special assessments levied by governmental authorities having jurisdiction over the Common Areas and restrictions, limitations, easements of record.

The foregoing easement is limited to using the Common Areas for their intended purposes in a reasonable manner, and with respect to any particular use or activity, it is limited to those portions of the Common Areas from time to time improved or otherwise suitable for such use or activity.

2.3 General Easements. All Lots are subject to perpetual easements to the Association for ingress and egress and for the performance of the Association's duties hereunder.

2.4 [intentionally deleted]

2.5 Plat Easements. Reference is made to the utilities, drainage, ingress and egress and other easements shown on a Plat. The easements may be used to construct, maintain and operate water mains, drainage ditches, sewer lines and other suitable installations for drainage and sewage disposal, or for the installation, maintenance, transmission and use of electricity, gas, telephone, cable systems, and other utilities, whether or not the easements are shown on the Plat to be for drainage, utilities, or other purposes. The Owners of the Lots subject to easements shown on the Plat shall acquire no right, title or interest in any of the cables, conduits, pipes, mains, lines, or other equipment or facilities placed on, over or under the easement area. The Owner of a Lot subject to any easement shall not construct any improvements on the easement areas, nor alter the flow of drainage, nor landscape such areas with hedges, trees or other landscape items that might interfere with the exercise of the easement rights. If any Owner constructs any improvements on such easement areas or landscapes such areas as aforesaid, the Owner of the Lot shall remove at the Owner's expense the improvements or landscape items upon written request of Declarant, the Association or the grantee of the easement. If the Owner fails to promptly remove improvements or landscaping, the Declarant, the Association or the grantee of the easement may enter on the Lot and remove the improvements or landscaping at the expense of the Owner, who shall reimburse the cost of removal within fifteen (15) days of demand. The party removing the improvements or landscaping shall not be responsible for any damage caused by the removal and shall not be required to restore any portion of the Lot damaged by the removal. The Declarant shall have the unrestricted right without the approval or joinder of any other Person to designate the use and to alienate, release or otherwise assign the easements granted to the Association on a Plat for so long as Declarant holds Lots for sale in the ordinary course of business.

## 2.6 Club Property Easements and Other Matters.

(a) Reference is made to the golf and recreation easements and golf cart path easements and other rights and privileges reserved in the Master Declaration. These easements include, without limitation: (i) easements for the unintentional hitting of golf balls over and on the Property and the recovery of golf balls from the Property; (ii) easements for the location, use and maintenance of golf cart paths; and (iii) the use of necessary and usual equipment upon the Club Property, and the noise level associated therewith, together with all normal and usual activities associated with playing golf and maintaining and operating a golf course and club.

(b) By acceptance of title to their Lots subject to the terms of this Declaration, all Owners acknowledge and agree that the Club Property is private property and that no Lot Owner has any rights or privileges with reference to the Club Property by virtue of ownership of a Lot. By way of example and not limitation: (i) no Owner or occupant of a Lot has any right to enter upon the Club Property, whether or not during hours of operation, to walk, run, walk their pets or for any other reason, without checking in at the Club Property office; (ii) the Owner of the Club Property may make any modifications or alterations of the Club Property that it deems appropriate, including relocating portions of the golf course or modifying landscaping, without any approval or consent of any Lot Owner or other Person.

(c) The Club Property may be improved as used for: (i) golf, tennis, swimming and other recreational activities customarily associated with golf and tennis country club operations, (ii) commercial activities reasonably incidental to or customarily associated with golf and tennis country club operations, including food and beverage services, and the recreation and entertainment of country club members and guests, (iii) commercial activities reasonably incidental to or customarily associated with golf and tennis pro shops (iv) amateur and professional golf and tennis tournaments, and (v) such concessions and other commercial activities as are reasonably incidental to or customarily associated with such golf and tennis tournaments. Notwithstanding anything to the contrary set forth in this Declaration, however, the Declarant, for itself and its licensees, agents, invitees, successors and assigns, hereby specifically reserves an easement upon and the right, privilege and license of using any or all of the Common Area, including, without limitation, and all common streets, parking lots, sidewalks and walkways on the Property, in connection with and in support of golf and country club operations and activities and any amateur or professional golf or tennis tournaments on the Property, including specifically, without limitation, the right, privilege, license and easement to limit, control, restrict or permit, by ticket, pass or otherwise, ingress or egress to and from the Property by, through, over and upon any and all of the Common Area; provided, however, that the exercise of such rights, privilege, license and easement by the Declarant and its licensees, agents, invitees, successors and assigns shall not prohibit or unreasonably interfere with or restrict the right, privilege, license and easement of an Owner and the members of his or her family, his or her employees, guests and other invitees to have ingress and egress to and from his or her residence as elsewhere provided in this Declaration. Notwithstanding anything to the contrary set forth in this Declaration, the Club Property shall not be liable for Assessments of the Association and the Club Owner may locate and erect thereon from time to time buildings,

structures, landscaping and other improvements without the requirement of approval by the Association or the Architectural Design Committee.

(d) No Owner or any occupant of a Lot shall cause or permit any interference with the playing of golf on the Club Property, including by way of example and not limitation, playing music or making or allowing noises that can be heard on the Club Property.

2.7 All Rights and Easements Appurtenant. The benefit of all rights and easements granted by this Article constitute a permanent appurtenance to, and pass with, the title to every portion of the Property or the Club Property enjoying such benefit. Whenever any such right or easement is described as nonexclusive by this Article its benefit nevertheless is exclusive to the portions of the Property or the Club Property granted such benefit by this Article, unless this Article expressly grants such benefit to additional Persons. In no event does the benefit of any such easement extend to the general public.

2.8 Ownership Rights Limited to Those Enumerated. No transfer of title to any Lot passes any rights in and to the Common Areas, except as expressly enumerated in this Declaration. No provision in any deed or other instrument of conveyance of any interest in any Lot shall be construed as passing any right, title, and interest in the Common Areas, except as expressly provided in this Declaration. Any Owner may delegate his right of enjoyment and other rights in the Common Areas to any Persons from time to time lawfully occupying such Owner's Lot, subject to the Association's Regulations.

2.9 Platting and Subdivision Restrictions. Declarant may from time to time, plat or replat all or any part of the Property owned by Declarant, and may widen or extend any right-of-way shown on the Plat or convert a Lot or other portions of the Property for use as a right-of-way or other uses, provided that Declarant owns the lands where such changes occur. Declarant may also establish covenants and restrictions and amendments thereto with respect to any such portion of the Property.

### ARTICLE III

#### USE RESTRICTIONS

3.1 Residential Use. Each Lot and the buildings constructed therein shall be used for single family residential purposes only, and no foster care homes, day care homes or community residential homes are permitted. No trade, business, commercial activity or profession may be conducted in, on, or from any Lot, except that a "home office" may be maintained within each Dwelling, provided that: (i) no work or service is conducted on the Lot that can be seen or heard outside of the Dwelling; and (ii) such trade, business, commercial activity or profession does not cause a material increase in traffic to and from the Lot. The letting, renting, or leasing of Dwellings for non-transient residential purposes shall not constitute a trade or business.

3.2 Architectural Standards.

(a) Initial Construction. No building, fence, wall, mailbox, swimming pool, driveway or other improvements, including landscaping, shall be installed or constructed on a Lot, nor may the Lot be cleared for construction of improvements or the installation of landscaping, except in accordance with plans and specifications, (including a site plan and landscape plan for the Lot), showing the nature, kind, height, color, materials, location and other pertinent information (including samples of materials when requested) about the proposed improvements, that have been approved in writing by the Architectural Design Committee in accordance with the procedures described in Article VIII of the Master Declaration. Reference is made to the Architectural Design Guidelines, copies of which are available to Owners and their contractors at the offices of the Association. All plans and specifications submitted to the Architectural Design Committee for approval and all construction of improvements on a Lot must comply with the Architectural Design Guidelines, as interpreted by the Architectural Design Committee. The Declarant has the unrestricted right to modify the Architectural Design Guidelines from time to time, and no person shall have any vested interest or right to require adherence to, or modification of, any design standard, except Declarant.

(b) Modifications of Exteriors. A Lot Owner may not cause or permit any alteration, modification, renovation or reconstruction to be made to the exterior of his Dwelling or Lot including driveways and landscaped areas, nor make any additions to the exterior of his Dwelling including the installation of window air conditioners, except in accordance with plans and specifications (including site plans and landscaping plans when applicable) showing the nature, kind, height, color, materials, location and other pertinent information (including material samples when requested) that have been approved by the Architectural Design Committee in accordance with the procedures described in Article VIII of the Master Declaration.

(c) Selection of Builder/Contractor. To assure that all construction undertaken within the Property meets uniform quality standards and in order to assure that those builders and contractors who engage in construction activities within the Property cooperative and are compatible with the uniform, high quality marketing and sales program conducted by Declarant, the construction of any and all improvements on a Lot, including a Dwelling, must be undertaken only by builders who are in the participating builder program affecting the Property, if any, then in effect (the "Participating Builders"). A list of the Participating Builders shall be available at the main office of Declarant. If Declarant does not have a Participating Builders program in effect at the time Owner is ready to commence construction, the Owner shall submit to Declarant the name of the builder chosen by the Owner and other information requested by Declarant. Any builder, contractor or subcontractor utilized by an Owner shall be approved in writing by Declarant prior to the commencement of any construction which approval may be withheld by the Declarant, if in Declarant's opinion the builder is not suitable for the Property. Declarant's approval of a builder or Participating Builders as set forth herein shall not be construed as a warranty or guaranty by Declarant of the builder or its product.

(d) Commencement of Construction. The construction of a Dwelling on a Lot within the Property must be completed within four (4) years from the date of closing of the acquisition of the Lot from Declarant. The Association shall have the full authority to take all legal actions necessary or appropriate to enforce this provision.

3.3 Minimum Square Footage. Dwellings shall have a minimum of two thousand two hundred (2,200) square feet of interior heated and air conditioned living area, exclusive of garages, porches and patios.

3.4 Other Structures. Except as to items initially approved by the Declarant, no sheds, tanks, storage buildings, clothes lines, basketball hoops or support structures, children's play structures, dog houses, gazebos, swimming pools, or structures of any type, whether similar or dissimilar to those herein enumerated and whether intended to be temporary or permanent, may be erected on a Lot, unless approved by the Architectural Design Committee. Basketball hoops or support structures may not be attached to the Dwelling and must be easily removed and stored within the Dwelling when not in use. No shed or outbuilding of any kind shall be at any time used as a residence either temporarily or permanently. Prior to the start of construction of the Dwelling, no trailer, mobile home, shed, or outbuildings shall be erected or permitted to remain on any Lot, nor shall any construction materials or other items be stored on the Lot, except as approved by Declarant and by all governmental and quasi-governmental authorities having jurisdiction over such matters.

3.5 Landscaping. In connection with the initial construction of a Dwelling on a Lot, complete landscaping plans for the Lot shall be prepared and submitted with the Lot site plan and the Dwelling plans and specifications as part of the architectural approval process. Landscape plans for Lakefront Lots shall include sod to the top of the normal high waterline of the lake, even if that waterline is located in Common Areas outside of the Lot lines. All landscaping plans shall include an automatic underground sprinkler system covering the entire Lot including grassed areas of the lake banks of Lakefront Lots. Site plans and landscaping plans shall be designed to preserve to the maximum practical extent existing trees. No living trees may be removed without the written approval of the Declarant. Any Person removing trees in violation of this covenant shall pay to the Declarant a stipulated liquidated damage sum of \$200.00 per inch of diameter measured three (3) feet above the ground. The Architectural Design Guidelines contain information about the standards used by the Architectural Design Committee to determine whether or not an existing tree shall be removed.

3.6 Permits and Restrictions. Reference is made to the St. Johns River Water Management District ("SJRWMD") Permit No. 4-035-18447-8 and the United States Army Corp of Engineers ("USACE") Permit No.SAJ-2002-5790-MLH, as amended and supplemented, copies of which are on file in the offices of the Association. The Property has been developed in accordance with requirements of these permits and the Association has the obligation to assure that all terms and conditions thereof are enforced. The Association shall have the right to bring an action, at law or in equity, against a Lot Owner violating such permits.

All Owners of Lots by acceptance of title to the Lot shall be deemed to have assumed the obligation to comply with the requirements of the foregoing permits as such relate to the Lot. Except as required or permitted by the foregoing permits issued by the USACE and SJRWMD, no Owner of a Lot shall alter, fill, dredge, place sod or excavate, or perform similar activities on any portion of their Lot which contains jurisdictional wetlands, uplands buffers, or conservation areas as established by the USACE or SJRWMD, unless and until such activity is authorized by or exempt from the requirements of USACE and SJRWMD. In the event that a Lot Owner

violates the terms and conditions of such permits and for any reason the Declarant or the Association is cited therefor, the Lot Owner agrees to indemnify and hold the Declarant and the Association harmless from all costs arising in connection therewith, including without limitation all costs and attorneys' fees as well as costs of curing such violation.

### 3.7 Fences and Walls.

(a) General. Except as to items initially approved by the Declarant, no fences or walls of any kind shall be placed or installed on the Property without the written approval of the Architectural Design Committee and, to the extent applicable by the City of Palm Coast, Florida. The foregoing includes the right to regulate the size, location, style and color of all fences and walls, and to require styles and colors compatible with other fences and improvements. Hedges or dense vegetation are encouraged as a preferred method for privacy screening. Chain link or other forms of wire fences shall not be permitted.

(b) Property Boundary Fence. Without the prior written approval of the Declarant, the Property Boundary Fence may not be removed, altered or modified in any manner whatsoever nor used for any purpose except to provide privacy to the Property.

(c) Preservation of Easement Rights. Specific reference is made to the easements shown on the Plat and reserved in this Declaration. No fence, wall, or other improvement that interferes with exercise of these easement rights may be constructed, installed or maintained in these easement areas. Any improvements or landscaping located in these easement areas are subject to removal at the expense of the Owner of the Lot when requested by Declarant, the Association, or the grantee of the easement.

3.8 Setback Lines. To assure that structures, driveways and other improvements will be located with regard to adjacent residences and the topography of each Lot and to preserve trees, the Declarant shall have the right to approve the location of all structures and other improvements initially constructed on all Lots, subject to applicable zoning regulations and other requirements of Law. The Architectural Design Guidelines contain information about the standards used by the Architectural Design Committee to determine building setbacks.

### 3.9 Parking Restrictions and Garages.

(a) Parking. No vehicle, boat, mobile home, or trailer may be parked, stored, or repaired, anywhere within the Property except that functional passenger automobiles, vans, motorcycles, and non-commercial trucks of one ton capacity or less (collectively "Permitted Vehicles") may be parked in the garage or driveway of the Dwelling, or in any approved parking areas on the Lot. Boats, trailers, motor homes, recreational vehicles and other vehicles that are not Permitted Vehicles may be regularly parked only in the garage of a Dwelling. No parking places may be constructed on any Lot, except as constructed in accordance with plans and specifications approved by Declarant. Commercial vehicles or any Permitted Vehicles with advertising thereon shall not be parked within public view on a regular basis. Streets within the Property shall not be regularly used for parking. The Association may enforce the foregoing

restrictions in any lawful manner, including the imposition of reasonable, uniform fines for willful or repeated violations. Nothing in this paragraph prohibits the emergency repair or servicing of Permitted Vehicles, so long as such repair or servicing is completed within 48 hours, or the occasional parking of vehicles by delivery personnel or guests of Owners in a manner not complying with this paragraph.

(b) Garages. All Dwellings must be constructed with a garage (attached or detached) which shall contain at least two standard size parking places usable for parking vehicles. All garages must have operable garage doors and electric door openers which shall be maintained in a useful condition and shall be kept closed when not in use. Garage entrances may face toward the side or front of the Lot. No garage shall be permanently enclosed or converted to another use, and no screening of any kind by be installed within the garage door opening, including without limitation, screen doors.

(c) Driveways. All improved Lots shall have a paved driveway constructed of a material approved by the Declarant as part of the plans and specifications for the Dwelling.

3.10 Antenna Systems. No antennas, masts, towers, poles, aerials, satellite dishes, or similar appurtenances shall be erected, constructed, or maintained on the exterior of any Dwelling or Lot, except that one satellite dish of one (1) meter or less may be installed, subject to reasonable architectural criteria established by the Declarant and approved by the Architectural Design Committee regarding location and screening which do not unreasonably interfere with signal reception. One flag of the United States of America may be displayed on each Lot in accordance with Regulations established by the Architectural Design Committee.

### 3.11 Occupancy and Leasing Restrictions.

(a) Occupancy. Each of the Dwellings shall be occupied only by the Owner or lessee of a Dwelling, members of their family, their servants and nonpaying social guests. Entire Dwelling may be rented provided the occupancy is only by the lessee and the members of their family, servants and nonpaying social guests.

(b) Lease Requirements. All rentals of Dwellings by Owners shall be documented by a written lease which shall set forth, among other things, the address of the Dwelling, the name(s) of the tenants, the lease commencement date and the term. A copy of the fully executed lease shall be delivered by the Owner to the secretary of the Association within five (5) days of the full execution of such lease. No Dwelling may be used as a rooming house, hostel or hotel. The occupancy of a Dwelling for less than thirty (30) consecutive days is strictly prohibited. No more than two (2) leases may be executed for a Dwelling during any twelve (12) month period based on the date of commencement of the lease. Rentals of less than ninety (90) consecutive days in duration or the operation of a rooming house, hostel or hotel shall be deemed to be a commercial use for purposes of enforcement of this Declaration, and are prohibited. A Dwelling may be subleased one (1) time during a lease period for a period of not less than thirty (30) consecutive days. In the event that a tenant desires to extend its lease period, such extension period shall not be less than thirty (30) consecutive days. The tenants which are occupying a Dwelling pursuant to a written lease shall be permitted to use the Recreational Amenities during

the lease term, provided that the tenants comply with any and all policies, rules and regulations imposed by the CDD, with respect to the Recreational Amenities. Only one (1) family is permitted to lease a Dwelling at any particular time.

(c) Compliance. All tenants shall be subject to the terms and conditions of the Legal Documents and the rules and regulations promulgated thereunder as though such tenant were an Owner. Each Owner agrees to cause his lessee, occupant, or persons living with such Owner or with his lessee to comply with the Legal Documents and the rules and regulations promulgated thereunder, and is responsible and liable for all violations and losses caused by such tenants or occupants, notwithstanding the fact that such occupants of the Dwelling are also fully liable for any violation of the documents and regulations. In the event that a lessee or occupant violates a provision of the Legal Documents, the Board shall have the power to bring legal proceedings against the lessee to recover sums due for damages or injunctive relief, or for any other remedy available at law or equity. The Owner will also be jointly and severally liable with the tenant to the Association for any amount (as determined in the sole discretion of the Association) which is required by the Association to repair any damage to any portion of the Property, Recreational Amenities or Common Areas, or to pay any claim for personal injury, death or damage to property caused by the act or omission of the tenant or occupants. Special assessments may be levied against the Lot for such amounts.

3.12 Animals. No animals, livestock, or poultry shall be raised, bred, or kept anywhere within the Property, except that common household pets may be kept by the occupants of each Dwelling, provided such pets are not kept, bred or maintained for any commercial purpose and provided further that such pets are neither dangerous nor a nuisance to the residents of the Property. "Common household pets" means dogs, cats, domestic birds, and fish. The Association may establish a maximum number of pets that may be kept on a Lot. Dogs must be kept on a leash or within enclosed areas at all times. Owners, tenants and occupants shall restrain their dogs from interfering with persons playing golf or performing maintenance operations on the Club Property, including without limitation, not permitting dogs to bark repeatedly at golfers.

3.13 Storage of Fuel Tanks, Garbage and Trash Receptacles. The installation and location of all tanks, cylinders or containers for the storage of liquified petroleum, gas or other fuels, must be in compliance with the requirements of the Law and the requirements of the Architectural Design Guidelines. Any permitted above-ground fuel containers must be completely screened from view of adjacent Lots and streets. All containers for garbage or trash, must be located inside of Dwellings or within side or rear yards and must be screened from view from adjacent Lots and the adjacent streets. Except for regular collection and disposal, no rubbish, trash, garbage, or other waste material or accumulations shall be kept, stored, or permitted anywhere within a Lot, except inside the Dwelling, or in refuse containers concealed from view.

3.14 Utilities. All potable water and sewage facilities and service to the Property shall be supplied by the central water supply and sewage system installed by Declarant or the City of Palm Coast as part of The Work. No well of any kind shall be dug or drilled on the Property without the prior approval of the Declarant, the City of Palm Coast and the Club Owner. No



septic tank may be constructed on any Lot, and no wastewater may be discharged on the open ground or into the lakes.

3.15 Renewable Resource Devices. Nothing in this Declaration shall be deemed to prohibit the installation of energy devices based on renewable resources (e.g., solar collector panels); provided, however, that same shall be installed only in accordance with the reasonable standards adopted from time to time by the Architectural Design Committee and with such Committee's approval. Such devices may not be installed on the portion of the roof of a Dwelling facing the street. The standards shall be reasonably calculated to maintain the aesthetic integrity of the Property without making the cost of the aforesaid devices prohibitively expensive.

3.16 Signs and Mailboxes.

(a) Signs. Except as may be required by Law, no signs or advertising posters of any kind, including "For Rent," "For Sale," and other similar signs erected by Owners, the Association, or any agent, broker, contractor or subcontractor thereof, shall be maintained or permitted within any windows or on the exterior of any improvements or on any Lot within the Property, without the express written permission of the Architectural Design Committee. The approval of any signs and posters, including, without limitation, name and address signs, shall be upon such conditions as may be from time to time determined by the Architectural Design Committee and may be arbitrarily withheld. Notwithstanding the foregoing, the restrictions of this subparagraph shall not be apply to Declarant, and Declarant shall have the right to install or approve the installation of signs necessary or appropriate in Declarant's sole opinion to continue the development and sale of the Property, including without limitation, permitting Grand Haven Participating Builders to place for sale signs on Lots. In addition, the Association, shall have the right to repair and replace existing, directional or other signs installed by Declarant on any portion of the Common Areas in accordance with architectural standards adopted therefor by the Architectural Design Committee.

(b) Mailboxes. The size, design and color of all mailboxes and the supporting structures must be approved by the Declarant and must comply with Postal Service regulations.

3.17 Outdoor Drying of Laundry. Outdoor drying of laundry or other items must be done in areas that are completely screened from view from adjacent Lots and streets.

3.18 Window Treatments and Air Conditioners. No reflective foil, reflective glass or other reflective material shall be installed or maintained on any windows of a Dwelling. The portion of drapes, blinds, and other window coverings visible from the outside of the Dwelling shall be a solid (non-patterned) color. No window air conditioning units shall be permitted. All exterior components of air conditioning units shall be screened from view from adjacent Lots and streets by approved fences, walls or shrubbery, which shall be installed to minimize noise from the air conditioning unit.

3.19 Security Alarms. Security alarms audible outside of the Dwelling must be connected to a monitoring service that is able to shut-off the alarm, or the security alarm must automatically shut-off after not more than fifteen (15) minutes.

3.20 General Prohibitions and Indemnity. No activity is permitted, nor shall any object or substance be kept, stored, or emitted, within the Property in violation of Law. No noxious, destructive, or offensive activity is permitted within the Property, nor shall anything be done within the Property that may constitute a nuisance to any other Person lawfully occupying any portion of the Property. Each Owner shall defend, indemnify, and hold the Association and other Owners harmless against all loss from damage or waste caused by such Owner, or by any occupant of such Owner's property. Notwithstanding the foregoing, or any other provision of the Declaration to the contrary, an Owner's liability to the Association for unintentional acts or omissions is limited to the available proceeds of any insurance maintained by such Owner or the Association if, at the time of such act or omission, such Owner or the Association has reasonably adequate insurance in force. Collection of such proceeds is at the Association's risk. To the extent from time to time available, the Association's insurance must provide for waiver of subrogation by the Association's insurer against any Owner because of any unintentional act or omission for which such Owner is responsible under this paragraph.

3.21 Casualty Damage. In the event of damage or destruction by fire or other casualty to the improvements on any portion of the Property, unless the improvements are completely destroyed, the Owner shall repair or rebuild such damaged or destroyed improvements in a good and workmanlike manner, within a reasonable time not to exceed one year, unless the Owner has elected not to restore such improvements. In all cases, all debris must be removed and the parcel restored to an orderly condition as soon as possible, but not to exceed one hundred twenty (120) days after such damage or destruction.

3.22 Maintenance of Vacant Lots. Prior to the commencement of construction of a Dwelling on a Lot, the Owner shall keep his Lot free and clear of dead material, including, without limitation, trees, fallen branches, and debris. If the Lot is cleared or has grass growing on it, the grassy areas shall be mowed and maintained to a height of six inches or less and shall be cleared of all weeds and unsightly vegetation. If the lot is a wooded Lot, the Owner shall maintain the vegetation in the weeded areas in their natural state to a height of six inches or less. In the event that Owner fails to maintain his Lot in accordance herewith, the Association shall provide the Owner with written notice of the Association's intent to provide such necessary maintenance and/or cleaning, at the sole cost and expense of such Owner, and setting forth with reasonable particularity the maintenance and/or cleaning deemed necessary. The Owner shall have fifteen (15) days to complete the same in good and workmanlike manner. In the event that Owner fails to comply, the Association may provide any such maintenance and/or cleaning, at the sole cost and expense of such Owner, and said cost shall be added to any become a part of the Assessment to which such Owner and his property are subject and shall become a lien against such property.

## ARTICLE IV

### THE ASSOCIATION

4.1 Authority. The Grand Haven Master Association, Inc. is hereby designated as the association (the "Association") of Lot Owners within the Property to provide for the orderly control, administration, and management of the Property. The Association is an unincorporated Subordinate Association as defined in the Master Declaration. Every Owner of a Lot is a Member of the Association and is entitled to one membership for each Lot owned. Each membership is appurtenant to the Lot upon which it is based and is transferred automatically by conveyance of title to the Lot whereupon the membership of the previous Owner automatically terminates. No Person other than an Owner of a Lot may be a Member of the Association, and a membership in the Association may not be transferred or encumbered except by the transfer of title of the Lot to which it is appurtenant.

4.2 Powers. The Association shall have all powers of a Florida not-for-profit corporation and, to the extent not in conflict therewith, those powers set forth in this Declaration and the Association's Articles and By-Laws. The Association shall have the power to do any and all lawful things which may be authorized, assigned, required or permitted to be done by this Declaration, and the power to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the duties or powers of the Association set forth herein.

4.3 Administration. All matters pertaining exclusively to administration, management or maintenance of the Property or the Association's performance of its rights or duties under this Declaration, including the enforcement of the provisions hereof, shall be conducted by the Association as separate and distinct functions from its other activities as the master association of all owners within the Development or as the Subordinate Association of other subdivisions within the Development, including by way of example, the keeping of separate books and records, preparing separate budgets, and conducting separate meetings of Lot Owners within the Property when necessary or appropriate.

4.4 Voting Rights and Governance. Paragraph 5.2 of the Master Declaration sets forth the voting rights and governance procedures pertaining to the Association.

4.5 Co-Ownership. If more than one Person holds the record title to any Lot, all such Persons are Members but only one vote may be cast with respect to such Lot, and no fractional votes are permitted. Each co-owner must file the name of the voting co-owner with the secretary of the Association to be entitled to vote at any meeting, unless such co-owners have filed a general voting authority with the secretary applicable to all votes until rescinded. Notwithstanding the foregoing, if title to any Lot is held by husband and wife, either co-owner is entitled to cast the vote for such Lot unless and until a written voting authority is filed with the Association designating a voting co-owner. If title is held by a corporation, the secretary of the corporation shall file with the Association a certificate designating the authorized voting representative of the corporation, which shall be effective until rescinded by the corporation.

4.6 Inspection of Records. All books, records, and papers of the Association will be open to inspection and copying during reasonable business hours by any Owner and by Declarant, so long as Declarant is a Member of the Association. Such right of inspection may be exercised personally or by one or more representatives. Upon request, the Association also will furnish to any such Person copies (certified, if requested) of any of its books, records, and other papers, although the Association may make a reasonable, uniform charge for such copies and certification. The Declaration, Articles, and By-Laws must be available for inspection by any Owner or the Declarant at the Association's principal office, where copies also may be purchased at a charge to cover reproduction costs.

4.7 Extraordinary Action. The Association's Articles of Incorporation provide that certain actions of the Association as described in the Articles require the approval of a super-majority of the Members. In addition, any such action shall require the written approval of the Declarant for so long as the Declarant is a member of the Association.

4.8 Club Owner. Although the Club Owner is not a Member of the Association, it shall have the right to attend Association meetings, to address the Board of Directors and Members of the Association, and to review and obtain copies of the Association's records relating to its participation in the Surface Water or Stormwater Management System and other matters directly affecting the Club Property or the Club Owner.

4.9 Amplification. The provisions of this Article are amplified by the Association's Articles and By-Laws and the Master Declaration, but no such amplification shall alter or amend substantially any of the rights or obligations of the Owners set forth in this Article. Declarant intends that the provisions of this Declaration and the Master Declaration and the Articles and By-Laws be interpreted and enforced to avoid inconsistencies or conflicting results. If any such conflict necessarily results, however, Declarant intends that the provisions of the Master Declaration and the Association's Articles and By-Laws control anything in this Declaration to the contrary.

## ARTICLE V

### RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

#### 5.1 The Common Area.

(a) General. Subject to the rights of the Declarant and the Owners, as set forth in this Declaration, the Association has management and control of any Common Areas that are not conveyed or designated for conveyance to the CDD, and all of its improvements, fixtures, furnishings, equipment, and other related personal property. The Association shall maintain such Common Areas and all landscaping and personal property located thereon in a safe, clean, attractive, sanitary, and serviceable condition, and in good order and repair. The Association's duties with respect to such Common Areas commence upon substantial completion of each facility, whether or not title has been conveyed to the Association, and include the management, operation, maintenance, repair, replacement, and renewal of all improvements, equipment, and tangible personal property installed by Declarant as part of The Work, and any

replacements or additions thereto made in accordance with the provisions of the Legal Documents.

(b) Insurance. The Association shall keep any insurable improvements located on the Common Areas or Areas of Common Responsibility if the improvements are owned by the Association, if any, including fixtures and personal property of the Association, insured to the maximum insurable replacement value, as determined by the Board of Directors. The insurance shall provide coverage against loss or damage by fire or other hazards covered by a standard extended coverage endorsement and such other risks as from time to time are customarily covered with respect to improvements similar in construction, location and use, including vandalism and malicious mischief, and flood and water damage, if the Common Areas are at any time located in a federally designated flood area and flood insurance is available under the National Flood Insurance Program. The Association shall carry public liability insurance in amounts and with coverage as determined by the Board of Directors, but not less than \$1,000,000.00 for bodily injury and property damage for any single occurrence. To the extent from time to time available, the Association's insurance must provide for waiver of subrogation by the Association's insurer against any Owner because of unintentional acts or omissions.

## 5.2 Areas of Common Responsibility.

(a) Lake Maintenance. Subject to the rights of the Declarant, the Club Owner, the CDD and the City of Palm Coast, Florida, and other governmental authorities, the Association shall be responsible to maintain in good condition the water quality and to control the growth and removal of plants, fungi, waterfowl and animals within the lakes, ponds and other bodies of water within the Property. The provisions of this paragraph do not supersede the provisions of Article VII hereof that require Lakefront Owners to maintain the lake shoreline located adjacent to their property.

(b) Surface Water Management. The Association shall operate and maintain the Surface Water Management System in accordance with the permits issued by the Florida Department of Environmental Protection, the SJRWMD, and the USACE and all regulations or conditions applicable thereto, including all lakes, ponds, littoral areas, retention areas, drainage easements, "Private Easements" shown on a Plat, control structures, underdrains, culverts and filtration systems, notwithstanding that a portion of the Surface Water Management System may be located within one (1) or more Lots or the Club Property. Any repair or reconstruction of the Surface Water Management System shall be as permitted, or if modified, as approved by the SJRWMD. All maintenance obligations of the Surface Water Management System of the Association shall be performed as ordered by the Board of Directors of the Association, and the cost of such maintenance incurred by the Association pursuant to this subparagraph, shall be a Common Expense of the Association to be collected and paid by the Lot Owners in the manner prescribed by this Declaration. Any modification of the Common Areas that would adversely affect the Surface Water or Stormwater Management System must have the prior approval of the SJRWMD and the Declarant. The Association shall also maintain those portions of the Property designated by applicable permit as conservation tracts, stormwater management tracts or similar designations, in accordance with all permit requirements, rules, and regulations promulgated by all local, state and federal authorities having jurisdiction.

(c) Landscaped and Grassed Areas. The Association shall maintain, repair and replace all landscaping and grassed areas:

(i) within the right-of-ways within the Property unless a Lot fronts thereon, in which case the Lot Owner shall maintain the area;

(ii) at entranceways to the Property;

(iii) on or about lift station sites or other utility parcels within the Property;

(iv) areas designated on the Plat or the Master Plan as landscaped buffer zones or landscaped areas; and

(v) which have been designated as Areas of Common Responsibility by the Declarant, except such portions of the aforesaid areas to be maintained by Lot Owners under the provisions of Article VII hereof. The foregoing shall include all sprinkler systems, pumps and other related improvements installed by Declarant in such areas. The Club Owner shall not be responsible for maintenance of, nor shall it be required to share the costs incurred by the Association in performing maintenance, repair or replacement of such landscaped or grassed areas. The Association shall not be responsible for maintenance of, nor shall it be required to share in the cost of maintaining, any landscaped or grassed areas or any irrigation equipment located within the Club Property.

(d) Signage. The Association shall also maintain signage within the Property identifying the Development and the various subdivisions therein. The cost of maintaining the entry signage and landscaping and other signs identifying the Development is a common expense of the Association to be collected and paid by the Lot Owners in the manner prescribed by this Declaration and the Master Declaration.

(e) Community Development District. Notwithstanding the foregoing provisions of this Article V, the Association shall be responsible to perform the foregoing maintenance obligations only to the extent that the Common Areas, Surface Water Management System, and the responsibility for maintaining them and the Areas of Common Responsibility have not been conveyed or transferred to the CDD. Upon any conveyance of the Common Areas or the Surface Water Management System and the transfer of the maintenance responsibilities for such areas and the Areas of Common Responsibility to the CDD, the Association shall be released of such obligations for so long as they are being performed by the CDD. The Association may also contract with the CDD to perform its maintenance obligations under this Declaration.

5.3 Services. The Association may obtain and pay for the services of any Person (including the Declarant or the CDD) to manage its affairs to the extent it deems advisable and may contract for such other personnel as the Association determines are necessary, convenient, or desirable for the proper operation of the Common Areas or the performance of the

Association's responsibilities hereunder, whether such personnel are furnished or employed directly by the Association or by any Person with whom it contracts. The Association may obtain and pay for legal and accounting services necessary, convenient, or desirable in connection with the operation of the Property or the enforcement of the Legal Documents or the Association's Regulations.

5.4 Regulations. The Association is empowered from time to time to adopt, alter, amend, rescind, and enforce reasonable rules and regulations governing the use of the Property and the Common Areas so long as such rules and regulations are consistent with the rights and duties established by the Legal Documents. The validity of the Association's rules and regulations, and their enforcement, shall be determined by a standard of reasonableness for the purpose of protecting the value and desirability of the Property as a residential community. The rules and regulations initially shall be promulgated by the Board of Directors and may be amended by a majority vote of the Board of Directors. For so long as Declarant owns any portion of the Property, no regulation, decision, amendment or other action that reasonably may have the effect of waiving, lessening, or otherwise interfering with the scope or enforcement of any restriction imposed on the Property by this Declaration will be valid without the written approval of the Declarant. No Owner or other Person occupying any portion of the Property, or any invitee, shall violate the Association's Regulations for the use of the Property and at all times shall do all things reasonably necessary to comply with the Regulations. Wherever any provisions of this Article prohibit any activity, condition, or structure within the Property except as permitted by the Association's Regulations, such restriction or prohibition is self executing unless and until the Association issues Regulations expressly permitting the same. The Association's procedures for enforcing its rules and regulations at all times shall provide the affected Owner with reasonable prior notice and opportunity to be heard, in person or through representatives of the Owner's choosing.

5.5 Implied Rights. The Association may exercise any right, power, or privilege given to it expressly by the Legal Documents and every other right, power, or privilege so granted or reasonably necessary, convenient, or desirable to effectuate the exercise of any right, power, or privilege so granted.

5.6 Access by Association. The Association has a right of entry on to all portions of the Property and the Club Property, except utility facilities dedicated to the City of Palm Coast, to the extent reasonably necessary to exercise any right granted or to discharge any duty imposed by the Legal Documents, or for any other purpose reasonably related to the Association's performance of any duty imposed, or exercise of any right granted, by the Legal Documents. Such right of entry must be exercised in a peaceful and reasonable manner at reasonable times and upon reasonable notice whenever circumstances permit, except in the event of an emergency and only then to the extent necessary to prevent personal injury or property damage. No Owner shall withhold consent arbitrarily to entry by the Association for the purpose of discharging any duty or right if such entry is upon reasonable notice, at a reasonable time, and in a peaceful and reasonable manner. The Association's right of entry may be exercised by its agents, employees, contractors, and managers.

5.7 Restriction on Capital Improvements. All capital improvements to the Common Areas, except for replacement or repair of those items installed by Declarant or the CDD as part of The Work, and except for personal property related to the Common Areas, must be approved by the Declarant for so long as Declarant maintains a Controlling Interest as defined in the Master Declaration.

5.8 Reserves. The Association may establish and maintain an adequate reserve fund for the repair and replacement of improvements and personal property that the Association is obligated to maintain under the provisions of the Legal Documents. Reserves, as determined from time to time by the Board of Directors, shall be funded from the annual maintenance assessment described in Article VI hereof.

5.9 Limitation. Notwithstanding anything herein to the contrary, all rights and obligations of the Association set forth in this Declaration pertain to its capacity as the Subordinate Association of Lot Owners within the Property.

## ARTICLE VI

### COVENANTS FOR ASSESSMENTS

#### 6.1 Creation of the Lien and Personal Obligation for the Assessments.

(a) General. Each Owner of a Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, including any purchaser at a judicial sale, shall hereafter be deemed to covenant and agree to pay to the Association any annual or supplemental assessments or charges and any special assessments established and levied pursuant to the terms of this Declaration. Assessments shall be fixed, established and collected from time to time as hereinafter provided. All such assessments, together with interest thereon from due date at the highest lawful rate and costs of collection thereof, including reasonable attorneys' fees shall be the personal obligation of the Owner of the Lot at the time the assessment was made. In addition, the assessments against Lots shall be secured by a lien in favor of the Association as set forth herein. No Owner of a Lot may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or common services, or abandonment of his Lot. The Club Property is not subject to assessment under this Declaration.

(b) Limitation. Notwithstanding anything herein to the contrary, the assessments levied by the Association under this Article and all other rights and obligations of the Association under this Article shall pertain only to the Association's capacity as the Subordinate Association of Lot Owners within the Property.

#### 6.2 Annual Maintenance Assessments.

(a) General.



(i) The annual maintenance assessments levied by the Association with reference to the Property must be used exclusively to promote the recreation, health, safety, and welfare of the Lot Owners, residents, and occupants of the Property, and for the operation, management, maintenance, repair, renewal and replacement of the Common Areas and the Areas of Common Responsibility (including maintenance of adequate reserves), the payment of any cost sharing or other agreements to which the Association is a party, and for the performance of the Association's duties under the Legal Documents pertaining to the Property. The annual assessment shall be used to fund all general activities and expenses of the Association incurred in the administration of the powers and duties granted under the Legal Documents and pursuant to Law, including the maintenance of adequate reserve accounts.

(ii) The Board of Directors of the Association shall determine annual assessments in accordance with the provisions of this Article to meet the projected financial needs of the Association pertaining to the Property. Subject to subparagraph (b) of this paragraph, the Board's decision as to the amount of the annual assessment and manner of collection shall be dispositive. The Board shall determine the date of commencement, the amount of the assessments, and any payment schedule for each fiscal year. The Board shall prepare or cause to be prepared a roster of the Owners and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member during normal business hours.

(b) Amount.

(i) Until January 1 of the year immediately following the recording date of this Declaration, the maximum annual maintenance assessment shall be One-Hundred Dollars (\$100.00) for each Lot. The Board of Directors may fix the Assessment at an amount not in excess of the maximum.

(ii) Commencing with the fiscal year beginning January 1 of the year immediately following the recording date of this Declaration and each year thereafter, the Board of Directors, at its annual meeting next preceding such date, and each respective January 1 thereafter, shall set the amount of the maximum annual Assessment for the following year provided that the maximum annual Assessment may not be increased more than fifteen percent (15%) above the maximum annual Assessment for the previous year unless approved by two-thirds (2/3) of the Owners present in person or by proxy and voting at a meeting duly convened as provided hereunder.

(c) Rate of Assessment. Lots shall be assessed uniformly in the amount determined by the Board from time to time in accordance with this Article, except as set forth in paragraph 6.6 below.

(d) Commencement of Annual Assessment. The annual assessment begins as to all Lots within the Property on the first day of the month following conveyance of the first Lot to an Owner other than Declarant. If the operation of this Declaration is extended to additional lands, as provided herein, then the annual assessment begins against all Lots within such extension on the first day of the first month following the recording in the public records of an

amendment to this Declaration extending the operation of the Declaration to all or part of such additional lands. The first annual assessment against all Lots shall be prorated according to the number of months then remaining in the fiscal year. The first annual assessment against any parcel shall be prorated according to the number of months then remaining in the fiscal year.

6.3 Special Assessments. The Association may levy special assessments payable in one or more installments applicable to that year only for the purpose of defraying, in whole or in part, any expense that is not reasonably expected to be incurred on a regular basis, including the cost of any purchase of additional real property for the use and benefit of Owners, or construction, reconstruction, renewal, repair, or replacement of a capital improvement upon the Common Areas; provided that such assessment is approved by two-thirds (2/3) of those Owners present in person or by proxy and voting at a meeting duly convened for such purpose.

6.4 Property Taxes. The Association shall timely pay all ad valorem real estate taxes, special assessments and other taxes, if any, levied on the Common Areas, and shall assess each Lot Owner for his proportionate amount thereof. At the Board's discretion, such assessment may be payable in a lump sum within thirty (30) days after notice or all or any portion thereof may be assessed as a part of the annual maintenance assessment described above. Each year the Board shall determine after receiving notice of the amount of taxes due, whether such assessment shall be levied, and its amount.

6.5 Specific Assessments. Any indebtedness of an Owner to the Association arising under any provision of the Legal Documents, including any indemnity, or by contract express or implied, or because of any act or omission of the Owner or any occupant of such Owner's Lot, or arising by reason of any Owner's failure to properly maintain those portions of the exterior of his Lot and Unit as herein provided, also may be assessed by the Association against the Owner's Lot after the Owner fails to pay it when due and the default continues for thirty (30) days after written notice.

6.6 Uniformity of Assessments. Anything contained herein to the contrary notwithstanding, Declarant shall be exempt from the payment of any annual Assessments, special Assessments and emergency special Assessments with respect to unimproved and unoccupied properties owned by the Declarant and subject to this Declaration until such time as Declarant waives this exemption in writing. The Declarant hereby covenants and agrees, however, that, so long as Declarant has the right to appoint and remove any member or members of the Board of Directors or any officer or officers of the Association or until Declarant waives the foregoing exemption, whichever first occurs, it shall pay to the Association, at the end of the annual accounting period, a sum of money equal to any operating deficit experienced by the Association, exclusive of any reserves for the replacement of improvements; provided, however, the Declarant shall not pay more than a sum equal to the amount of the Assessment for said year, or portion thereof owned, which the Declarant would have paid if the exempted property were not exempt.

6.7 Certificate of Payment. The Association shall furnish to any interested Person a certificate signed by an officer of the Association setting forth whether assessments against a specific lands have been paid and, if not, its unpaid balance. To defray its costs, the Association

may impose a reasonable, uniform charge for issuing such certificates. A properly executed certificate of the Association as to the status of assessments is binding on the Association as of the date of issuance.

6.8 Lien for Assessments. All sums assessed to any portion of the Property, together with interest and all costs and expenses of collection, including reasonable attorneys' fees, are secured by a lien which is hereby reserved for the benefit of the Association and which shall be enforceable through appropriate legal proceedings. The Association may record a notice of lien signed by an officer of the Association against any portion of the Property when any assessment is delinquent. Each such assessment, together with interest and all costs and expenses of collection, including reasonable attorneys' fees, also is the personal obligation of the Person who was the Owner of such portion of the Property when the assessment fell due. The personal obligation for delinquent assessments does not pass to an Owner's successors in title, however, unless assumed expressly in writing. The Association shall not have any lien right against the Club Property or the Commercial Parcel under this Declaration.

6.9 Effect of Nonpayment; Remedies of the Association. Any Assessments of an Owner or any portions thereof which are not paid when due shall be delinquent. Any Assessment delinquent for a period of more than ten (10) days after the date when due shall incur a late charge in an amount as may be determined by the Board from time to time and, upon adoption of a policy therefor by the Board of Directors, shall also commence to accrue simple interest at the rate of fifteen percent (15%) per annum. A lien and equitable charge as herein provided for each Assessment shall attach simultaneously as the same shall become due and payable, and if an Assessment has not been paid within thirty (30) days, the entire unpaid balance of the Assessment may be accelerated by the option of the Board and be declared due and payable in full. The continuing lien and equitable charge of such Assessment shall include the late charge established by the Board of Directors, and, upon adoption of a policy therefor by the Board of Directors, interest on the principal amount due at the rate of fifteen percent (15%) per annum, all costs of collection (including reasonable attorneys' fees and court costs), and any other amounts provided or permitted hereunder or by law. In the event that the Assessment remains unpaid after sixty (60) days from the original due date, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose its lien. The equitable charge and lien provided for in this Section shall be in favor of the Association, and each Owner, by his acceptance of a deed or other conveyance to a Lot or Dwelling, vests in the Association and its agents the right and power to bring all actions against him personally for the collection of such Assessments as a debt and/or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The Association shall have the power to bid on the Lot or Dwelling at any foreclosure sale and to acquire, hold, lease, mortgage, and convey the same. No Owner may waive or otherwise escape liability for the Assessments provided for herein, including by way of illustration but not limitation, non-use of the Common Areas or abandonment of his Lot or Dwelling, and an Owner shall remain personally liable for Assessments, interest and late charges which accrue prior to a sale, transfer or other conveyance of his Lot or Dwelling.

6.10 Homesteads. By acceptance of a deed or other conveyance of title to any Lot, the Owner of each Lot is deemed to acknowledge that the assessments established by this Article are

for the improvement and maintenance of any homestead thereon and that the Association's lien has priority over any such homestead.

6.11 Subordination of Lien. The lien for the assessments provided in this Article is subordinate to the lien of any First Mortgage, unless the Association's lien was recorded prior to the recording of the Mortgage. Sale or transfer of any portion of the Property does not affect the assessment lien, except that the sale or transfer pursuant to a First Mortgage foreclosure or any proceeding or conveyance in lieu thereof, extinguishes the assessment lien as to payment that became due before such sale or transfer, unless such assessment was secured by a claim of lien for assessments that is recorded prior to recording of said First Mortgage. Any assessment extinguished by the foreclosure of a First Mortgage or conveyance in lieu thereof, shall be deemed to be an expense of the Association collectible from all Owners (including the foreclosing First Mortgagee) in accordance with the Association's normal assessment procedures. No such sale or transfer relieves such portion of the Property from liability for assessments thereafter becoming due, or from the Association's lien. The Association shall report to any First Mortgagee any assessments remaining unpaid for more than 30 days and shall give such First Mortgagee 30 days in which to cure such delinquency before instituting foreclosure proceedings, provided the First Mortgagee has given the Association written notice of its mortgage, designating by a proper legal description the portion of the Property encumbered and stating the address to which notices shall be given. Nothing herein shall be construed to impose on the First Mortgagee any duty to collect assessments.

## ARTICLE VII

### OBLIGATIONS OF OWNERS

7.1 Maintenance. Each Owner at his expense, shall maintain in a good order and repair and keep in an attractive condition all portions of his Lot and the improvements located thereon. Each Owner of a Lot on which improvements have been constructed shall maintain the lawn and other landscaped areas located in the public right-of-way or Common Areas, if any, between his Property line and the paved portion of the street in a neat and attractive condition. Landscape maintenance shall include regular lawn mowing, fertilizing, irrigation and edging. Owners of Lakefront Lots shall keep the shoreline of the lake free of litter and debris and shall install, maintain and irrigate sod to the normal high waterline of the lake, even if the normal high waterline is located beyond the Lot boundary.

7.2 Casualty Damage. In the event of damage or destruction by fire or other casualty to the improvements on any portion of the Property, the Owner shall repair or rebuild such damaged or destroyed improvements in a good workmanlike manner, within a reasonable time not to exceed one year. All debris must be removed and the Lot restored to an orderly condition as soon as possible, but not to exceed one hundred twenty (120) days after such damage or destruction.

ARTICLE VIII

OPERATION AND EXTENSION

8.1 Declarant's Additions.

(a) General. The Declarant shall have the right, at any time and from time to time, to bring within the scheme of this Declaration the lands, or any portion thereof, constituting part of the Master Plan. Declarant shall also have the right, at any time from time to time, to bring within the scheme of this Declaration additional properties, provided that (i) any such additional properties shall be adjacent or contiguous to Property already subjected to this Declaration (for purposes of this Declaration, property separated by public or private roads, lakes, golf courses, conservation areas, or open landscaped areas shall be deemed contiguous), (ii) the addition of such property shall be reasonably consistent with the common scheme for development set forth in this Declaration and in the Master Plan, and (iii) such additional properties and the Owner or Owners thereof other than the Declarant shall become, upon their inclusion within the Property, subject to assessments for Association expenses.

(b) Supplementary Declaration. The addition of property to this Declaration shall be made and evidenced by filing in the public records of Flagler County, Florida, a supplementary declaration of covenants and restrictions with respect to the property to be added. In addition, such supplementary declaration may contain such additions to or modifications of the provisions of this Declaration, including modifications in the method or rate of assessment for common expenses, which may be applicable to the additional property and as may be necessary or desirable to reflect the different character, if any, of the additional property that is subject to the supplementary declaration, provided that all such modifications are reasonably consistent with the common scheme for development set forth in the Declaration and in the Master Plan. Such supplementary declaration shall become effective upon being recorded in the public records of Flagler County, Florida. Declarant reserves the right to so amend and supplement this Declaration without the consent or joinder of this Association, or the Owners or mortgagees of the Property, or any portion thereof, or any other party. Provided however, if the Veterans Administration has insured or guaranteed any mortgages encumbering lands within the Property, any such annexation: (i) must be evidenced by a supplementary declaration recorded within fifteen (15) years of the date this Declaration is recorded; and (ii) shall be subject to a determination by the Veterans Administration that such annexation is in accord with the general plan previously approved by the Veterans Administration, which determination shall be deemed to have been affirmatively made and approval granted, if the Veterans Administration shall not have disapproved the proposed annexation within thirty (30) days of the date of submission of the requested approval.

(c) Additional Declarations. Declarant reserves the right, as the Property is developed and offered for sale, to subject portions thereof to additional specific covenants and restrictions which apply only to each portion as defined and described in each such set of additional covenants and restrictions. Such additional covenants may also provide for additional property owners' associations having administrative responsibility and control over certain portions of the Property. All such additional covenants and restrictions shall be reasonably

consistent with the common scheme of development set forth in this Declaration and in the Master Plan.

8.2 Other Extensions. The extension of the provisions of this Declaration to any lands other than as set forth above requires the approval of two-thirds (2/3) of the Lot Owners within the Property. Such extension shall become effective upon recording an amendment to this Declaration, executed by the Association and the Owners of all interests in lands to which the provisions of this Declaration are extended with the formalities from time to time required for a deed under the laws of the State of Florida.

## ARTICLE IX

### GENERAL PROVISIONS

#### 9.1 Enforcement.

(a) Legal Proceedings. The Declarant, the Association, or any Lot Owner has the right to enforce by any appropriate proceeding all restrictions, covenants, and easements now or hereafter imposed by, or pursuant to, the provisions of the Legal Documents, and the Club Owner shall have the right to enforce its rights and privileges hereunder. If the Association or the Club Owner or the Declarant is the prevailing party in any litigation involving the Legal Documents or any of the Association's Regulations, or if any Owner obtains the enforcement of any provision of the Legal Documents against any Owner, other than Declarant, or the Association, then such party may recover all costs and expenses, including reasonable attorneys' fees incurred in trial and appellate proceedings from such nonprevailing Owner. In no event may such costs and expenses be recovered against the Association or Declarant, unless otherwise provided by Law. If the Association is the prevailing party against any Owner, such costs and expenses, including reasonable attorneys' fees, may be assessed against the Owner's Lot, as provided in the Article entitled "Covenant for Assessments". If any Owner or class of Owners is a prevailing party against any other Owner or class of Owners, such Owner or Owners may be reimbursed by the Association for all or any part of the costs and expenses incurred, including reasonable attorneys' fees, in the discretion of the Board of Directors.

(b) No Waiver. Failure by the Declarant, the Association or by any Owner to enforce any covenant, restriction, Regulation will not constitute a waiver of the right to do so at any time, nor shall such failure to enforce create any liability for the Declarant or the Association to any Owner or any other Person.

(c) Enforcement. Notwithstanding any other provisions contained elsewhere in this Declaration, the USACE and SJRWMD shall have the rights and powers enumerated in this paragraph. The USACE and SJRWMD shall have the right to enforce, by a proceeding at law or in equity, the provisions contained in this Declaration which relate to the maintenance, operation, and repair of the Stormwater Management System and/or jurisdictional lands subject to the regulation of the USACE or SJRWMD. Any repair or reconstruction of the Stormwater Management System shall be as permitted, or if modified, as approved by the SJRWMD. Any amendment to this Declaration which alters the Stormwater Management System, beyond

maintenance in its original condition, including the water management portions of the common property, must have prior written approval of the SJRWMD. Any amendment to this Declaration which amends the responsibilities or obligations of the parties with respect to the USACE permit, must have prior written approval of the USACE. In the event that the Association is dissolved, prior to such dissolution, all responsibility relating to the Stormwater Management System and the permits must be assigned to and accepted by an entity approved by the USACE and SJRWMD.

(d) Suspension of Use Rights; Fines. In the event of violations of the provisions of the Legal Documents, the Association is authorized to suspend for a reasonable time the rights of Owners, their tenants, guests or invitees, or both to use the Common Area or Recreational Facilities, and to levy fines against Owners, their tenants, guests or invitees, in accordance with §720.305(2), Florida Statutes. Imposition of any of the foregoing sanctions requires the following procedures:

(i) Notice. The party against whom the sanction is to be imposed shall be afforded an opportunity for hearing after reasonable notice of not less than fourteen (14) days (the "Sanction Notice"). The Sanction Notice shall include:

- (1) A statement of the date, time and place of the hearing;
- (2) A statement of the provisions of the Declaration, association Articles or By Laws, or Association rules which have allegedly been violated; and,
- (3) A short and plain statement of the matters asserted by the Association.

(ii) Hearing. The alleged violation shall be presented to a committee of at least three Members appointed by the Board of Directors who are not officers, directors or employees of the Association, or the spouse, parent, child, brother or sister of an officer, director or employee of the Association (the "Committee"). The person(s) against whom the sanctions may be imposed shall have an opportunity to respond, to present evidence, to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge and respond to any material considered by the Committee. A written decision of the Committee shall be submitted to the person(s) not later than twenty-one (21) days after the hearing. If the Committee does not by majority vote approve the sanction, the sanction shall not be imposed.

(iii) Penalties. For each non-compliance or violation the Board of Directors may impose a fine not in excess of One Hundred Dollars (\$100.00). However, every day a non-compliance or violation is allowed to exist may be deemed another violation, provided that no such fine shall in the aggregate exceed One Thousand Dollars (\$1,000.00). For violations of the Legal Documents or Regulations pertaining to the use of Common Area or the Recreational Amenities or other common facilities, the Board may also suspend a Member's or Member's family members, tenants, guests or invitees use of such facilities for a period not to exceed ninety days. The Board of Directors shall consider, among other factors, the nature of the

violation and the number of prior violations of the same or similar rules or regulations by the violator.

(iv) Payment of Penalties. Fines shall be paid not later than ten days after receipt of notice of the imposition or assessment of a fine, and thereafter shall bear interest until paid at the interest rate adopted by the Board of Directors for delinquent assessments.

(v) Collection of Penalties. Fines shall be treated as an assessment subject to the provisions for the collection of assessments as set forth in the Declaration.

(vi) Application of Penalties. All monies received from penalties shall be allocated as directed by the Board of Directors.

(vii) Limitation. The requirements of this subsection do not apply to the imposition of suspensions or fines authorized by the Legal Documents upon any Member because of the failure of the Member to pay assessments or other charges when due.

(e) Expenses. In addition to the sanctions set forth above, if the Association incurs any expenses in enforcing the provisions of the Legal Documents against an Owner or his or her family members, tenants, guests or invitees after the Association's initial notice (the "Initial Notice") setting forth the violation or non-compliance and the expiration of any cure period stated in the Initial Notice, then the Owner shall be responsible for payment of, or reimbursement to, the Association for all expenses incurred by the Association after the Initial Notice. Any such payment or reimbursement shall be due within ten (10) days of the Association's statement setting forth the expenses. The foregoing includes all expenses incurred by the Association after the Initial Notice that are reasonably necessary to obtain compliance by the offending Owner or his family members, tenants, guests or invitees, including without limitation, fees and costs charged by attorneys for additional demands for compliance or the Sanction Notice described in subparagraph (d) above. Expenses shall be treated as an assessment subject to the provisions for the collection of assessments as set forth in the Declaration. The Owner shall be liable for payment of the Association expenses as set forth above, whether or not the Association invokes the provisions of subparagraph (d) above.

9.2 Term and Renewal. The provisions of this Declaration shall run with and be binding on the Property, and all other lands to which it may hereafter be extended as provided herein, and shall be binding on all Persons having any right, title, or interest therein, their respective heirs, successors, and assigns and shall inure to the benefit of and be enforceable by the Declarant, the Club Owner, the Association or any Owner, their respective heirs, successors, and assigns, for a period of 40 years from the date this Declaration is recorded, whereupon these provisions shall be extended automatically for successive renewal periods of ten years each,



unless sixty-seven percent (67%) of the then Owners elect not to reimpose them as evidenced by an instrument executed by such Owners and recorded during the six (6) months immediately preceding the beginning of any renewal period.

### 9.3 Amendment.

(a) Declarant. The Declarant reserves and shall have the sole right without the joinder or consent of any Owner, the Association, the holder of any mortgage, lien or other encumbrance affecting the Property, or any other Person: (i) to amend this Declaration to comply with any requirements of a governmental agency, institutional First Mortgagee, or other person (including the Federal National Mortgage Association, Veterans Administration, or the Federal Housing Authority) willing to make, insure, guaranty, or purchase mortgage loans secured by a Lot; (ii) to amend this Declaration or the other Legal Documents to cure any ambiguity or error or any inconsistency between these provisions and the other Legal Documents, a Plat, the Plan, or the Development Order; or (iii) to comply with the requirements of law or any governmental permit or approval applicable to the Property.

(b) Owners. Subject to specific provisions of this Declaration which shall supersede the provisions of this paragraph, this Declaration may be amended by the Association with the formalities from time to time required of a deed under the laws of the State of Florida and approved by not less than sixty-seven percent (67%) of the total voting interests of all Owners within the Property. No amendment shall be effective until recorded.

(c) Club Owner. No amendment of any provision hereof directly affecting the Club Property or the Club Owner shall be effective without the written joinder of the Club Owner.

9.4 Interpretation. Unless the context expressly requires otherwise, the use of the singular includes the plural and vice versa; the use of one gender includes all genders; the use of the terms "including" or "include" is without limitation; and the use of the terms "will", "must", and "should" have the same effect as the use of the term "shall". Wherever any time period is measured in days, if any such time period expires on a Saturday, Sunday, or national bank holiday, it shall be extended to the next succeeding calendar day that is not a Saturday, Sunday, or national bank holiday. The terms "Lot" and "Property" mean all or any portion applicable to the context and include any and all improvements, fixtures, trees, vegetation and other property from time to time situated thereon, and the benefit of all appurtenant easements. This Declaration shall be construed liberally in favor of the party seeking to enforce its provisions to effectuate its purpose of protecting and enhancing the value, marketability, and desirability of the Property by providing a common plan for the development and enjoyment thereof. Headings and other textual divisions are for indexing purposes only and are not to be used to interpret, construe,

apply or enforce any substantive provisions. The provisions of this subparagraph apply to the interpretation, construction, application, and enforcement of all the Legal Documents.

9.5 Other Approvals. All of the following actions require the prior approval of the Declarant (for so long as Declarant owns any Lots for sale in the ordinary course of business) and as the same may be required by the Federal Housing Authority, the Veterans Administration and the United States Department of Housing and Urban Development: (a) amendment of this Declaration, except as expressly provided in the Article entitled "Operation and Extension" and in subparagraph (a) of paragraph 9.3; and (b) alienation or encumbrancing of all or any portion of the Common Areas; and (c) the merger, consolidation, or dissolution of the Association; and (d) the extension of the provisions of this Declaration to lands other than the Property.

9.6 Reservation of Right to Release Restrictions. Subject to applicable zoning regulations, in each instance where a structure has been erected, or the construction thereof is substantially advanced, in such a manner that some portion of the structure encroaches upon any set-back or easement area or the Common Area, or otherwise violates this Declaration, Declarant reserves for itself the right to release the portion of the Property from the encroachment and to grant an exception to the requirements of this Declaration without the consent or joinder of any Person irrespective of who owns the affected lands, so long as Declarant, in the exercise of its sole discretion, determines that the release or exception will not materially and adversely affect the health and safety of Owners, the value of adjacent Lots and the overall appearance of the Property. Upon granting of an exception to an Owner, the exception granted shall be binding upon all subsequent Owners of the affected Lots.

9.7 Rights of First Mortgagees. Any First Mortgagee and insurers or guarantors of First Mortgages have the following rights:

(a) Inspection. During normal business hours, and upon reasonable notice and in a reasonable manner, to inspect current copies of the Legal Documents and Regulations and the books, records, and financial statements of the Association; and

(b) Financial Statements. Upon written request to the Secretary of the Association, to receive copies of the annual financial statements for the immediately preceding fiscal year of the Association, provided, however, the Association may make a reasonable, uniform charge to defray its cost incurred in providing such copies; and

(c) Meetings. To designate a representative to attend all meetings of the membership of the Association, who is entitled to a reasonable opportunity to be heard in connection with any business brought before such meeting but in no event entitled to vote thereon.

(d) Notices. By written notice to the Secretary of the Association, and upon payment to the Association of any reasonable, uniform annual fee that the Association from time to time may establish for the purpose of defraying its costs, any First Mortgagee, insurer, or guarantor of a First Mortgage shall be entitled to receive any notice that is required to be given to the Class A members of this Association under any provision of the Legal Documents. Additionally, any such First Mortgagee, insurer, or guarantor of a First Mortgage giving written notice to the Association shall be entitled to written notice of: (i) any condemnation or casualty loss affecting a material portion of the Property or any Lot encumbered by its First Mortgage; (ii) any 60 day delinquency in the payment of assessments or charges owed by the Owner of any Lot encumbered by its First Mortgage; (iii) lapse, cancellation or material modification of any insurance coverage or fidelity bond maintained by the Association; and (iv) any proposed action requiring the consent of a specified percentage of mortgage holders.

9.8 Provisions Inoperative as to Initial Construction. Nothing contained in this Declaration shall be interpreted, or enforced to prevent Declarant, or its contractors, subcontractors, agents, employees, successors or assigns from doing or performing on all or any part of the Property owned or controlled by Declarant whatever it or they determine to be necessary, convenient, or desirable to complete The Work. The foregoing includes the right for Declarant and any Person designated by Declarant in writing to construct and use signs, construction trailers, or buildings, model units, design centers, and offices for sales and resales of Lots.

9.9 Assignment. Declarant may assign to any Person, including persons engaged in the business of constructing improvements on Lots for resale purposes, all or some of the rights, privileges and exemptions granted herein to Declarant in connection with the ownership, use, or development of a portion of the Property including by way of example the rights, privileges and exemptions described in paragraph 9.8 hereof. Any such assignment shall be non-exclusive unless otherwise noted, and shall be effective only for so long as such right, privilege or exemption would inure to the benefit of Declarant.

9.10 Severability. Invalidation of any provision of the Legal Documents by judgment or court order will not affect any other provision, all of which will remain in full force and effect; provided, however, any court of competent jurisdiction is hereby empowered, to the extent practicable, to reform any otherwise invalid provision contained in the Legal Documents when necessary to avoid a finding of invalidity while effectuating Declarant's intent of providing a comprehensive plan for the use, development, sale, and beneficial enjoyment of the Property.

9.11 Notices. Any notice required to be sent to any Owner, or the Declarant under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage paid, to the last known address of the person who appears as the Owner on either the records of

the Association or the public records of Flagler County, Florida at the time of such mailing, or as to the Declarant at the address set forth on page 1 hereof. Notices to the Association shall be sent in the manner described above to the registered office of the Association.


IN WITNESS WHEREOF, Declarant has executed this Declaration the date first stated above.

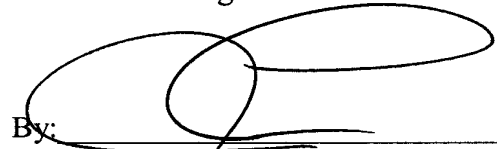
Signed, sealed and delivered  
in our presence:

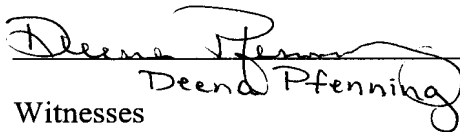
GRAND HAVEN DEVELOPERS, LLC,  
a Delaware limited liability company

By: LandMar Group, LLC, a Delaware  
limited liability company, its  
sole member

By: LandMar Management, LLC, a  
Delaware limited liability company,  
its manager

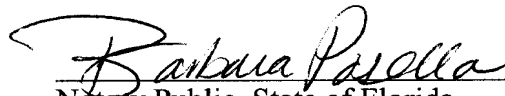
  
\_\_\_\_\_  
Craig Staszpek

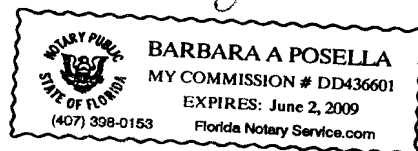
  
By: \_\_\_\_\_  
James T. Cullis, Vice President

  
\_\_\_\_\_  
Deena Pfennig  
Witnesses

STATE OF FLORIDA  
COUNTY OF FLAGLER

The foregoing instrument was acknowledged before me this 21<sup>TH</sup> day of OCTOBER, 2005 by James T. Cullis, the Vice President of LandMar Management, LLC, a Delaware limited liability company, the manger of LandMar Group, LLC, a Delaware limited liability company, the sole member of Grand Haven Developers, LLC, a Delaware limited liability company, on behalf of the company. He is personally known to me or has produced \_\_\_\_\_ as identification.

  
\_\_\_\_\_  
Notary Public, State of Florida  
Print Name: Barbara Poella  
My Commission Expires: June 2, 2009



**EXHIBITS**

Exhibit A - The Property

ESTATES AT GRAND HAVEN PHASE TWO

A PART OF RESERVED PARCEL M-5, SUBDIVISION PLAT OF BERNARD MEADOWS, SECTION 81(M), AS RECORDED IN MAP BOOK 27, PAGE 60 OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA, TOGETHER WITH A PART OF SECTIONS 16, 17, 42 AND 48, TOWNSHIP 11 SOUTH, RANGE 31 EAST, CITY OF PALM COAST, FLAGLER COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: FOR A POINT OF REFERENCE, COMMENCE AT THE NORTHWEST CORNER OF LOT 1, BLOCK 80 OF SAID PLAT BERNARD MEADOWS SECTION - 81M; THENCE NORTH 64°00'00" EAST, ALONG THE NORTH LINE OF SAID LOT 1, BLOCK 80A, DISTANCE OF 125.00 FEET TO THE NORTHEAST CORNER THEREOF; THENCE SOUTH 26°00'00" EAST, ALONG THE EAST LINE OF SAID BLOCK 80, A DISTANCE OF 300.00 FEET TO THE MOST EASTERLY CORNER OF LOT 2, BLOCK 80; THENCE NORTH 64°00'00" EAST, LEAVING SAID BLOCK 80, A DISTANCE OF 300.00 FEET; THENCE SOUTH 26°00'00" EAST, A DISTANCE OF 35.01 FEET TO THE POINT OF BEGINNING; THENCE NORTH 62°52'22" EAST, A DISTANCE OF 1659.04 FEET; THENCE NORTH 11°24'58" WEST, A DISTANCE OF 525.89 FEET; THENCE NORTH 48°20'16" EAST, A DISTANCE OF 1521.78 FEET; THENCE NORTH 35°33'05" EAST, A DISTANCE OF 718.17 FEET; THENCE SOUTH 45°56'21" EAST, A DISTANCE OF 79.75 FEET; THENCE SOUTH 21°17'54" EAST, A DISTANCE OF 187.00 FEET; THENCE SOUTH 58°35'11" EAST, A DISTANCE OF 254.69 FEET; THENCE SOUTH 39°18'25" EAST, A DISTANCE OF 235.89 FEET; THENCE SOUTH 18°37'46" EAST, A DISTANCE OF 297.68 FEET; THENCE SOUTH 59°32'23" EAST, A DISTANCE OF 212.76 FEET; THENCE SOUTH 22°46'29" EAST, A DISTANCE OF 350.93 FEET; THENCE SOUTH 19°36'23" EAST, A DISTANCE OF 357.96 FEET; THENCE SOUTH 27°26'21" WEST, A DISTANCE OF 455.18 FEET; THENCE SOUTH 27°59'07" EAST, A DISTANCE OF 183.32 FEET; THENCE SOUTH 27°59'03" EAST, A DISTANCE OF 293.45 FEET; THENCE SOUTH 65°24'15" WEST, A DISTANCE OF 164.04 FEET; THENCE SOUTH 00°06'00" EAST, A DISTANCE OF 327.26 FEET; THENCE NORTH 89°53'38" WEST, A DISTANCE OF 889.47 FEET; THENCE SOUTH 31°07'01" WEST, A DISTANCE OF 1485.39 FEET; THENCE SOUTH 16°28'04" WEST, A DISTANCE OF 397.93 FEET; THENCE SOUTH 64°41'17" WEST, A DISTANCE OF 710.73 FEET TO A POINT ON THE WEST LINE OF SAID SECTION 48; THENCE NORTH 25°18'43" WEST ALONG SAID SECTION LINE, A DISTANCE OF 208.36 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 48; THENCE NORTH 25°44'16" WEST ALONG THE WEST LINE OF SECTION 16, 17 AND 21, A DISTANCE OF 2004.38 FEET; THENCE DEPARTING SAID SECTION LINE SOUTH 64°00'00" WEST, A DISTANCE OF 441.10 FEET; THENCE NORTH 26°00'00" WEST, A DISTANCE OF 114.99 FEET TO THE POINT OF BEGINNING.

CONTAINING 188.77 ACRES MORE OR LESS.