

DECLARATION OF COVENANTS AND EASEMENTS

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SEA COLONY

DECLARATION OF

RESTRICTIVE COVENANTS AND EASEMENTS

WHEREAS, PALM COAST CONSTRUCTION COMPANY, a Florida Corporation (hereinafter known as "Company"), is the sole owner of certain lands in Flagler County, Florida, (hereinafter known as "Parcel"), as more particularly described as:

A PARCEL OF LAND BEING A PORTION OF THE SUBDIVISION PLAT OF DEAUVILLE BEACH AS RECORDED IN MAP BOOK 5, PAGE 73 OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA, SAID PARCEL BEING A PORTION OF GOVERNMENT SECTIONS 20 AND 39, TOWNSHIP 10 SOUTH, RANGE 31 EAST, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

From a POINT OF REFERENCE being the Northwest corner of said Government Section 20; Thence South 11° 17' 23" East along the Westerly line of said Government Section 20, 1278.96 feet to the Southeast corner of said Government Section 39 and the POINT OF BEGINNING of this description; Thence South 67° 35' 54" West along the Southerly line of said Government Section 39, 1041.50 feet to a POINT ON A CURVE intersection from the North, said curve being concave to the East; Thence leaving said Southerly line of Government Section 39, Northerly 51.26 feet along a curve to the right having a central angle of 13° 59' 11" and a radius of 210.00 feet; a chord bearing of North 16° 26' 24" West and a Chord distance of 51.14 feet to a POINT OF REVERSE CURVATURE; Thence continue Northerly 97.83 feet along a curve to the left having a central angle of 09° 30' 00", a radius of 590.00 feet, a chord bearing of North 14° 11' 49" West and a chord distance of 97.71 feet to a POINT OF REVERSE CURVATURE; Thence continue Northerly 73.43 feet along a curve to the right having a central angle of 08° 15' 00", a radius of 510.00 feet, a chord bearing of North 14° 49' 19" West and a chord distance of 73.37 feet to a POINT OF REVERSE CURVATURE; Thence continue Northerly 110.46 feet along a curve to the left having a central angle of 12° 55' 00", a radius of 490.00 feet, a chord bearing of North 17° 09' 19" West and a chord distance of 110.23 feet to a POINT OF REVERSE CURVATURE; Thence continue Northerly 111.26 feet along a curve to the

right having a central angle of 12° 30' 00", a radius of 510.00 feet, a chord bearing of North 17° 21' 49" West and a chord distance of 111.04 feet to a POINT OF REVERSE CURVATURE; Thence continue Northerly 115.45 feet along a curve to the left having a central angle of 13° 30' 00", a radius of 490.00 feet, a chord bearing of North 17° 51' 49" West and a chord distance of 115.19 feet to a POINT OF REVERSE CURVATURE; Thence continue Northerly 137.97 feet along a curve to the right having a central angle of 15° 30' 00", a radius of 510.00 feet, a chord bearing of North 16° 51' 49" West and a chord distance of 137.55 feet to a POINT OF REVERSE CURVATURE; Thence continue Northerly 115.45 feet along a curve to the left having a central angle of 13° 30' 00", a radius of 490.00 feet, a chord bearing of North 15° 51' 49" West and a chord distance of 115.19 feet to a POINT OF REVERSE CURVATURE; Thence continue Northerly 53.41 feet along a curve to the right having a central angle of 06° 00' 00", a radius of 510.00 feet, a chord bearing of North 19° 36' 48" West and a chord distance of 53.38 feet to a POINT OF TANGENCY; Thence North 16° 36' 48" West 8.00 feet; Thence South 75° 05' 00" West 564.64 feet to a POINT on the Easterly right-of-way of State Road A-1-A (100' R/W), said POINT being on a curve concave to the East; Thence Northerly along said right-of-way 86.56 feet along a curve to the right having a central angle of 01° 45' 43", a radius of 2814.79 feet, a chord bearing of North 03° 49' 18" West and a chord distance of 86.55 feet; Thence leaving said Easterly right-of-way North 77° 42' 00" East along a non-radial line 496.64 feet; Thence North 16° 36' 49" West 28.23 feet; Thence North 73° 23' 11" East along a radial line 50.00 feet to a POINT ON A CURVE, said curve being concave to the West; Thence Northerly 89.54 feet along a curve to the left having a central angle of 27° 00' 00", a radius of 190.00 feet, a chord bearing of North 30° 06' 49" West and a chord distance of 88.71 feet to a POINT OF REVERSE CURVATURE; Thence continue Northerly 325.74 feet along a curve to the right having a central angle of 51° 50' 36", a radius of 360.00 feet, a chord bearing of North 17° 41' 31" West and a chord distance of 314.74 feet to a POINT OF TANGENCY; Thence North 08° 13' 48" East 123.60 feet to a POINT on the Southerly right-of-way of Bay Street (50' R/W) as shown on the plat "Second Addition to Marineland Acres" and recorded in Map Book 5, Page 61 of the public records of Flagler County, Florida; Thence North 76° 23' 10" East along said Southerly right-of-way 1085.11 feet; Thence leaving said right-of-way South 11° 17' 23" East 160.92 feet; Thence North 89° 15' 20" East 1493.55 feet to a POINT on the Westerly boundary of a proposed county park site; Thence along said park site boundary the following courses, South 00° 44' 40" East 5.00 feet to a POINT OF CURVATURE; Thence Southerly 66.32 feet along a curve to the left having a central angle of 18° 59' 55", a radius of 200.00 feet, a chord bearing of South 10° 14' 38" East and a chord distance of 66.01 feet to a POINT OF REVERSE CURVATURE; Thence Southerly 149.22

feet along a curve to the right having a central angle of $48^{\circ} 51' 15''$, a radius of 175.00 feet, a chord bearing of South $04^{\circ} 41' 03''$ West and a chord distance of 144.74 feet to a POINT OF REVERSE CURVATURE; Thence Southerly 112.65 feet along a curve to the left having a central angle of $64^{\circ} 32' 37''$ a radius of 100.00 feet, a chord bearing of South $03^{\circ} 09' 38''$ East and a chord distance of 106.79 feet to a POINT OF TANGENCY; Thence South $35^{\circ} 25' 56''$ East 15.00 feet; Thence North $31^{\circ} 06' 24''$ East 120.99 feet; Thence North $68^{\circ} 29' 55''$ East 290.01 feet; Thence North $89^{\circ} 15' 20''$ East 202.51 feet to a POINT on the mean high water line of the Atlantic Ocean; Thence leaving the said county park site boundary South $23^{\circ} 01' 10''$ East along said mean high water line 342.04 feet; Thence continue along said mean high water line South $21^{\circ} 07' 32''$ East 547.50 feet; Thence leaving said mean high water line South $88^{\circ} 23' 22''$ West along the Northerly boundary of the plat "Armand Beach East Subdivision" as recorded in Map Book 8, Page 22 of the public records of Flagler County, Florida, 2126.82 feet to a POINT on the Easterly line of said Government Section 39; Thence South $11^{\circ} 17' 23''$ East along said Easterly line of Section 39, 140.10 feet to the POINT OF BEGINNING of this description.

Parcel containing 79.7427 acres, more or less.

which the Company or its subsidiary, desires to develop as a residential community with various permanent common properties for the benefit of the development; and

WHEREAS, the Company desires to provide for the preservation of the values and amenities thus established or to be established in the Sea Colony community and for the maintenance of the common properties. To this end, Company desires to subject the real property described in Exhibit A, being a portion of the Parcel, to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said real property and each owner of portions thereof; and,

WHEREAS, it is desirable for the efficient preservation of the values and amenities in the development, to create an entity to which should be delegated and assigned the powers of maintaining and administering the common

properties and improvements and administering and enforcing the covenants, restrictions and easements and collecting and disbursing the assessments and charges hereinafter created; and,

WHEREAS, Sea Colony Homeowner's Association, Inc. has been organized under the Not-for-Profit Corporation Laws of the State of Florida for the purpose of exercising the aforesaid functions, as set forth herein in the Articles of Incorporation and By-Laws attached hereto as Exhibits D and E and incorporated herein;

NOW, THEREFORE, the Company as sole owner of Parcel, for itself, its successors and assigns, does hereby declare that all the said lands described in Exhibit "A", or any portion thereof, shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, reservations and liens hereinafter set forth.

ARTICLE I

Definitions

The following words and phrases when used in this Amendment to Restrictive Covenants and Easements (unless the context shall prohibit) shall have the following meanings:

(a) "Access Area" shall mean that portion of each Improved Lot which surrounds the exterior of the Dwelling Unit.

(b) "Adjacent Lot" shall mean that Lot or Lots immediately to either side of a Lot.

(c) "Architectural Review Committee" or "Committee" shall mean a committee appointed by the Company pursuant to Article XI, Section 3, herein.

(d) "Association" shall mean the Sea Colony Homeowner's Association, Inc., a Florida corporation not for profit, as incorporated by Articles of Incorporation, a copy being attached hereto and made a part hereof as Exhibit D, together with By-Laws attached hereto as Exhibit E.

(e) "Board", or "Board of Directors" shall mean the Board of Directors of the Association.

(f) "Building" refers to a residential building in "Sea Colony".

(g) "Common Area" shall mean and refer to those portions of "Parcel" owned by the Association, and devoted to the common use and enjoyment of all Owners, together with any improvements thereon, including, without limitation, any commonly owned recreational facilities, open space, off-street parking areas, utilities, private streets, sidewalks, street lights, and storage facilities, drainage facilities, bike paths or other such improvements within or about Parcel.

(h) "Declaration" or "Declaration of Covenants and Restrictions" shall mean this Declaration of Restrictive Covenants and Easements for Sea Colony.

(i) "Developer" or "Company" means Palm Coast Construction Company its designee, successors and assigns, and including any wholly-owned subsidiary.

(j) "Development Order" means resolution 85-2 as adopted by the Flagler County Commission on February 21, 1985 and which contains conditions and terms of development for the Matanzas Shores Development of Regional Impact ("Project"). To the extent that said terms and conditions apply to the property on which Sea Colony is being constructed ("Parcel") said terms and conditions shall be incorporated by reference into the Declaration by reference and made a part hereof as if set out in full.

(k) "Dwelling Unit" means a residence in Sea Colony (hereinafter defined) to be used as an abode for one family.

(l) "Enclosed Living Area" means the square footage of a Dwelling Unit under roof, exclusive of open porches, atriums, screened-in patios, courtyards, garages or other similar type space.

(m) "Improved Lot" means any Lot upon which a Dwelling Unit has been constructed.

(n) "Institutional Mortgagee" shall mean a bank, savings and loan association, insurance company or union pension fund authorized to do business in the United States of America, an agency of the U.S. government, or real estate or mortgage investment trust, or a lender generally recognized in the community as an institutional type lender.

(o) "Lot" means any platted Lot shown upon the amended plat map of the real property described hereinabove and designated as "Parcel".

(p) "Member" shall mean and refer to all those Owners who are members of the "Association".

(q) "Owner" or "Lot Owner" means the record owner (other than the Company), whether one or more persons, firms or entities, who has acquired fee-simple title to any Lot.

(r) "Plat" refers to the plat map of the real property described hereinabove and designated as "Parcel".

(s) "Project" means the Matanzas Shores Development of Regional Impact being developed by Company in Flagler County, Florida, of which Sea Colony is a part.

(t) "Project System" means the sewage treatment system to be constructed by Company as part of the Project that will, upon completion, provide sewage service to all parts of the Project including Sea Colony.

(u) "Property Line" is the perimeter boundary line of any Lot (hereinafter defined) within "Parcel".

(v) "Sea Colony" means the lands and Dwelling Units located within "Parcel".

ARTICLE II

Property Subject to this Declaration

Section 1. The Properties. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, is all that certain plot, piece, or section of land situate, lying and being in the County of Flagler and State of Florida, being more particularly described in Exhibit "A" hereto attached, to be designated as Sea Colony, and to be managed by Sea Colony Homeowner's Association, Inc., a non-profit Florida corporation organized pursuant to Articles of Incorporation and By-Laws attached hereto as Exhibits E and F.

Section 2. Additions to The Properties: Certain Amendments. The Company shall have the right, and hereby reserves the right, from time to time to bring within the scheme of this Declaration and the Homeowner's Association all or portions of the real property described in Exhibits "B & C" attached hereto. Any additional properties brought within the scheme of this Declaration may contain Lots, Common Areas or both Lots and Common Areas and shall become part of the Sea Colony Homeowner's Association. The right of the Developer as provided for in the preceding sentence of this Section 2 shall be for a period of ten (10) years commencing with the recording of this Declaration in the Public Records of Flagler County, Florida.

The Company, its successors and assigns, shall not be obligated to bring any or all of the proposed additional properties within the scheme of this Declaration. The additions and amendments authorized under this subsection shall only be made by the Company, shall not require the consent or approval of the Association, Members or any other person or entity, and shall be made by the recording in the Public Records of Flagler County, Florida of Supplemental

Declarations of Covenants, Restrictions, Easements, Charges and Liens with respect to the additional property, which shall extend the scheme of the covenants, restrictions, easements, charges and liens of this Declaration to such property or modify the Declaration with respect to such additional properties as hereinafter set forth. Such Supplemental Declarations shall identify Lots and Common Properties within the properties described therein. The Company's rights under this Section 2 are paramount to the provisions of Section 6 of Article XIII of this Declaration.

Such Supplemental Declarations may contain such complementary additions and modifications of this Declaration as may be necessary to reflect the different character, if any, of that portion of the Parcel or the additional properties which are the subject of such Supplemental Declaration as are not inconsistent with the scheme of this Declaration, as determined by the Company. Further, such Supplemental Declarations may contain provisions relating to such portions of the Parcel and/or such additional property, or any portions thereof, dealing with, among other things, assessments and the basis thereof, rules and regulations, architectural controls and other provisions consistent with the nature of the development of such properties and pertaining to all or part of such portion and/or such additional properties to the exclusion of other portions of the Parcel.

The provisions of this Article II, Section 2, cannot be amended without the written consent of the Company, and any amendment of this Article II, Section 2 without the written consent of the Company, shall be deemed null and void.

Section 3. Phases. Company has the right, but is not obligated, to build up to ninety nine (99) homes within the real property described in Exhibit "A" to this Declaration, hereafter known as Phase 1 of Sea Colony. Company hereby reserves the right, but is not obligated to build up to an additional one

hundred and six (106) homes (Phase 2 of Sea Colony) within the real property described in Exhibit "B" to this Declaration; and up to an additional one hundred and forty-five (145) homes (Phase 3 of Sea Colony) within the real property described in Exhibit C. Therefore, the development may consist of a maximum of Three hundred fifty (350) homes, together with the Common Area and improvements thereto as described in this Declaration and in Exhibits A thru C.

Section 4. Warranties. Upon conveyance, the Company shall assign all warranties from the applicable sub-contractor and if no such warranty exists, Company shall warrant the improvement against defects in workmanship and materials for a period of one year from conveyance. SAID WARRANTY SHALL BE IN LIEU OF ALL OTHER WARRANTIES, statutory or otherwise, express or implied.

ARTICLE III

Membership and Voting Rights

in the Association

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is or is at any time made subject to this Declaration shall be a member of the Association. Membership shall be appurtenant to and inseparable from ownership of a Lot. Transfer of Lot ownership either voluntarily or by operation of law shall terminate membership in the Association, and said membership shall thereupon be vested in the transferee.

Where any one Lot is owned by more than one person, firm, individual, corporation or other legal entity, the composite title holder shall be and constitute one member of the Association. Any person, firm, individual, corporation or legal entity owning more than one Lot shall be as many members as the number of Lots owned.

Section 2. Classes of Memberships and Voting Rights. The Association

shall have two classes of voting membership:

Class A. Class A Members shall be all of those owners as defined in Section 1, with the exception of the Company. The Class A Member shall be entitled to one membership interest and one vote for each Lot in which they hold the interests required for membership by Section 1.

Class B. Class B Member shall be the Company, including any of its subsidiaries to which Company may transfer title. The Class B Member shall be entitled to ten (10) membership interests and ten (10) votes for each Lot in which it holds the interest required for membership by Section 1, and the Class B Member shall be entitled to elect a majority of the Board of Directors until such time 75% or more of the Lots owned by Company within the Parcel has been sold and conveyed by the Company.

Upon the transfer of title of any Lot which is held for sale by the Company to an Owner other than to one of Company's subsidiaries, the Class B membership interest appurtenant to such Lot shall be automatically converted to a Class A membership interest.

NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, THE COMPANY OR ITS DULY AUTHORIZED SUBSIDIARY SHALL HAVE THE RIGHT TO ELECT A MAJORITY OF THE BOARD OF DIRECTORS OF SUCH ASSOCIATION UNTIL SUCH TIME AS COMPANY HAS SOLD 75% OF ALL THE LOTS IN THE PARCEL.

ARTICLE IV

Association Property

Section 1. Title in Homeowner's Association. Within six months after issuance of a final certificate of occupancy as to all improvements to be made to the real property described in Exhibit A, otherwise known as Phase 1 of Sea Colony, the Company, or its successors and assigns, shall convey and transfer to the Association the record fee simple title of those portions of Phase 1 that constitute the common areas. The Association shall accept such conveyance, subject to the Development Order and this Declaration of Restrictive Covenants

and Easements, including the following covenant which will be deemed to run with the land and shall be binding upon the Association, its successors and assigns:

In order to preserve and enhance the property values and amenities of the development, the Common Areas, and any facilities now or hereafter built or installed thereon, shall at all times be maintained in good repair and condition and shall be operated in accordance with high standards and the requirements of the Development Order. The maintenance and repair of the Common Areas may include, but not be limited to, the repair and maintenance of roadways, landscaped areas, walkways, recreational facilities, drainage facilities, lake system, street lights, gatehouse, entrance features, dune walkovers, bike paths, or signs. The Association, by its execution of this Declaration, covenants and agrees to accept all conveyances of Common Areas. This section shall not be amended to reduce or eliminate the obligation for maintenance, repair or security of the Common Areas without the prior written consent of the Company. In no event shall this section be amended in such a way as to allow the Association to escape any maintenance requirements imposed by the Development Order.

Thereupon, the Association shall be responsible for the maintenance thereof in a continuous and satisfactory manner consistent with the terms of the Development Order as they apply to the "Parcel" and for the payment of taxes assessed against Common Areas and any improvements and any personal property thereon accruing from and after the conveyance to the Association, and such taxes shall be prorated as of the date of conveyance. Prior to completion of the Common Areas and conveyance of the title thereto to the Association, the taxes assessed against such non-public property shall be paid by the Company or its successors or assigns.

Section 2. Title to Additional Common Areas. From time to time, Company reserves the right, but not the obligation to convey to the Association legal title to additional Common Areas, as set forth in Exhibits B & C and as provided in Article XI Section 4, subject only to the condition that such properties shall be subject to the covenants set forth in this Declaration, and such additional Common Areas shall be conveyed to the Association within the time provided in Section 2 of Article II.

The Company shall not be obligated to bring any additional Common Areas within the scheme of this Declaration nor to convey title to such Common Areas

to the Association. The additions authorized under this section may be made by Developer in accordance with Article II, Section 2, of this Declaration.

ARTICLE V

Grant and Reservation of Easements

Section 1. Easement of Enjoyment. Each Member and each tenant, agent or invitee of Members shall have a right and easement of enjoyment in and to the Common Areas, and such easement shall be appurtenant to and shall pass with the title to the Lot, subject to this Declaration, including the following:

- (a) The right and duty of the Association to levy assessments against each Lot for the purpose of maintaining the Common Areas and facilities.
- (b) The right of the Association to adopt and enforce rules and regulations governing the use of the Common Areas and all facilities at any time situated thereon.
- (c) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Board of Directors, provided that no such dedication or transfer, determination as to the purposes or as to the conditions thereof, shall be effective unless seventy-five (75%) percent of the Members shall vote in favor thereof at a meeting of the Members called for such purpose, or unless an instrument signed by Members entitled to cast seventy-five (75%) percent of the eligible votes have been recorded, agreeing to such dedication, transfer, purpose or condition and unless written notice of the action is sent to every Member at least ninety (90) days in advance of any action taken.
- (d) The right of the Company and of the Association to grant and reserve easements and rights-of-way in, through, under, over and across the Parcel for the installation, maintenance, and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television and other utilities, and the right of the Company to grant and reserve easements and rights-of-way in, through, under, over, upon and across the Parcel for the completion of the Development.

Section 2. Access Easements. Company does hereby establish and create for the benefit of the Association and for the benefit of any and all Owners of Lots subject to this Declaration, their tenants, invitees and institutional mortgagees, and does hereby give, grant and convey to each of the

aforementioned, an easement, license, right and privileges for a right-of-way for ingress and egress by vehicles or on foot, as practicable, in, through, over, under and across the streets, roads, water bodies and walks within Common Areas (as they may be built or relocated in the future) for all purposes.

Section 3. Public Easements. Fire, police, health, sanitation, and other public service personnel and vehicles shall have a permanent and perpetual easement for ingress and egress over and across the Parcel as needed.

Section 4. Easement for Encroachments on Lots or Common Property.

(a) In the event any portion of any roadway, walkway, fence, gate, parking area, roof drainage system, roof, trellis, water lines, sewer lines, utility lines, sprinkler system or any other structure as originally constructed by Company or its designee, successor or assign encroaches on any Lot or Common Area, it shall be deemed that the Owner of such Lot or Common Area has granted a perpetual easement to the Owner of the adjoining Lot or Common Area or the Association as the case may be, for continuing maintenance and use of such encroaching roadway, walkway, fences, gates, parking area, roof drainage system, roof, trellis, water line, sewer line, utility line drainage system, sprinkler system or other structure originally constructed by the Company. The foregoing shall also apply to any replacement of any such roadway, walkway, courtyard, fence, gate, parking area, roof drainage system, roof, trellis, water lines, sewer lines, utility lines, drainage system, sprinkler system or other structure, if same are constructed in substantial conformance to the original. Other encroachments may hereafter be maintained as provided in a Supplemental Declaration. The foregoing conditions shall be perpetual in duration and shall not be subject to amendment of these covenants and restrictions.

(b) In the event any portion of any Lot encroaches upon the Access Areas and Common Areas as a result of the construction, reconstruction, repair, shifting settlement or moving of any portion of the Parcel, a valid easement for

the encroachment and for the maintenance of same shall exist so long as the encroachment exists.

Section 5. Easement for Maintenance by Association. The Company hereby grants to the Association, its employees, subcontractors, agent and designees, a non-exclusive, perpetual easement over, through, across and under each Lot to permit the Association, its employees, subcontractors, agents or designees to maintain and replace, as necessary, those portions of the Lot required to be maintained, replaced and repaired by the Association, as provided in this Declaration.

Section 6. Utility Easement. The company hereby grants to the owner of each Lot a non-exclusive perpetual easement on, over, under and across the Common Area and all other Lots for the installation, maintenance, operation, repair and replacement of utility lines, including water and sanitary sewer lateral pipes servicing the Lot, Owner's Lot, together with wires, pipes, conduits, cable television lines, telephone lines and equipment and drainage lines.

Section 7. Reservation of Easements by Company.

(a) Easements for Development and Sales.

(1) Company reserves for itself and its successors and assigns the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the Parcel, including all Lots for the purpose of constructing adjacent properties, providing access to adjacent properties and completing its work in developing and providing for the development of the Parcel; and, toward this end, reserves the right to grant and reserve easements and rights-of-way, through, under, over and across the Parcel, for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, electric and other utilities.

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and for any other materials or services necessary for the completion of such work.

(2) Company also reserves the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers, and drainage lines which may from time to time be in or along the streets and roads of other areas of the Common Areas.

(3) Company also reserves the right for itself, its designees, successors and assigns, to continue to use the Parcel, and any roadways, sales offices, model homes, signs and parking spaces located on the Parcel, in its efforts to market or develop Homes or Lots in the Parcel.

(b) Company reserves for itself, its successors and assigns all easements, licenses, rights and privileges necessary to allow it to comply with any terms of the Development Order that are the responsibility of the Applicant in that order.

(c) Amendment. This section may not be amended without the prior written consent of the Company.

ARTICLE VI

Maintenance

Section 1. Maintenance of Common Areas. The Association shall at all times maintain in good repair, operate, manage, insure and replace as often as necessary, any and all improvements situated on the Common Areas, including but not limited to, any fences, gates, recreational facilities, lake systems, lawns, littoral zone treatments, landscaping, sprinkler systems, paving, drainage structures, street lighting fixtures and appurtenances, sidewalks and other structures, and utilities; All of such work to be done as ordered by the Board of Directors of the Association acting on a majority vote of the Board members and shall be in strict conformance with the maintenance requirements of the Development Order where that document requires the Applicants successor to

maintain a particular item required by the Development Order. Where the Development Order requires the Applicant (Company) to develop and receive approval from a governmental entity for a plan for improving and maintaining an area of the Parcel that will be deeded to the Association, the Association will perform said maintenance as the Development Order and the approved plan require upon the Association's being deeded that portion of the Parcel from the Company. Said maintenance shall include, but not necessarily be limited to the maintenance requirements for littoral zones in section 6.4 of Attachment A to the Development Order, the lighting and turtle awareness programs required by section 7.0 of Attachment A, the maintenance requirements for the surface water (lake) management system set out in section 8 of Attachment A, water conservation measures set forth in section 9 of Attachment A, the energy conservation requirements of section 10 of Attachment A, and the signage and lighting requirements of section 15.5(f) of Attachment A. In any area where the Association is required to maintain or replace any property of the Association, said maintenance and replacement shall be done using the same or equal materials to those used by the Company for the original improvement.

Section 2. Lot Maintenance.

(a) Association.

(1) The Association, through action of its Board of Directors, shall provide exterior maintenance at its expense upon each Lot as follows:

(2) Lake Shore Treatment Littoral Zone. The Association shall be obligated to maintain as necessary the littoral zones which may fall within the boundaries of a Lot adjoining any lakes or water bodies that are outside of the bulkhead constructed on that Lot.

(3) The Association shall not maintain any other portion of the platted Lot and improvements thereon.

(b) Lot Owner. The Lot Owner is responsible to maintain and repair everything on the Lot, including but not limited to, the Home, bulkhead, dock or any other structure and any other improvements. Each Lot Owner shall conform to the specific maintenance requirements promulgated by the rules and regulations of the Association and said regulations shall specifically address any maintenance required to be performed on a Lot that is required to comply with the terms of the Development Order. In addition to the foregoing requirements for maintenance on a Lot, a Lot Owner shall also be responsible for the maintenance, repair and replacement, if applicable, of water and sanitary sewer lateral pipes servicing their Home, which laterals extend from the applicable water and sewer main to the Home, notwithstanding that portion of such lateral may be located within the Common Area.

Section 3. Assessments. All work pursuant to Sections 1 and 2 (a) above and all expenses hereunder shall be paid for by the Association through assessments imposed by the Board of Directors in accordance with Article VII. Such assessments shall be against all Lots equally. No Owner may waive or otherwise escape liability for the assessments for such maintenance by non-use of the Common Areas or abandonment of his right to use the Common Areas.

Assessments shall include payment for insurance and taxes on the Common Areas.

The cost and expense of Association provided maintenance shall be funded by an Association assessment against all Owners and shall be paid by the Association notwithstanding that title to the Common Area may be vested in Company.

Section 4. Disrepair of Homes and Lots. In the event the Owner of any Lot in the Properties shall fail to maintain his Lot, and the improvements situated thereon in a manner reasonably satisfactory to the Board of Directors of the Association or any committee established by such Board, except for such

areas as the Association is required to maintain, upon direction of the Board of Directors, the Association shall have the right, through its agents and employees, to enter upon said Lot to maintain and restore the improvements erected on such Lot. Such maintenance shall only be undertaken after the Board has provided written notice of the deficiency to the record owner of the Lot. Such notice shall provide that the Owner shall have thirty (30) days from the date of the notice to remedy the deficiency and that, thereafter, any existing deficiency may be remedied by the Association at the Owner's expense. The notice shall be deemed adequate when mailed by first class mail to the last known address of the record owner of the Lot. The cost of any maintenance supplied by the Association pursuant to this Section shall be added to and become part of the assessment to which such Lot is subject.

Section 5. Access at Reasonable Hours. For the purpose solely of performing the maintenance required by this Article, the Association, through its duly authorized agents and employees, shall have the right without notice to enter upon any Owner's Lot at reasonable hours on any day.

Section 6. Negligence of Owner. Should any portion of a Lot which the Association is required to maintain pursuant to this Section be required to be maintained, repaired or replaced as a result of the negligence of the Owner, his family, lessee, guests, servants or invitees, the applicable Owner shall be responsible for the cost thereof and the Association shall have the right to levy an assessment against the Owner of said Lot for same, which assessment shall have the same force and effect as all other assessments.

Section 7. Management. The Association through the action of its Board of Directors, shall have the right to employ a manager or management firm which employment may either be on the basis of an employee of the Association or as an independent contractor.

ARTICLE VII

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Covenant for Maintenance Assessment

Section 1. Creation of the Lien and Personal Obligation of the Assessments. Each Owner of any Lot by acceptance of a deed therefor or instrument of conveyance, whether or not it shall be so expressed in such deed or other conveyance, including any Purchaser at a judicial sale, or by the acquisition of title in any other manner, shall be deemed to covenant and agree to pay to the Association annual assessments or charges for the maintenance of the Lots and Common Areas as provided in this Declaration, including such reasonable reserves as the Association may deem necessary, special assessments as provided in this Article, and assessments for maintenance as provided herein and assessments for sewer service provided by the Association. Such assessments shall be fixed, established and collected from time to time as herein provided. The annual, special and other assessments, together with such interest and costs of collection as hereinafter provided, shall, upon the recordation of a Claim of Lien, be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest and costs of collection, shall also be the personal obligation of the person who is the owner of such property at the time when the assessment became due. All assessments by the Association, both regular and special, shall be against all Lots subject to its jurisdiction, equally. No owner may waive or otherwise escape liability for the assessments provided herein by non-use or abandonment. Furthermore, the obligation of the Association and the owners for assessments, and the obligation for maintenance shall commence upon conveyance of the parcel or Lot.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Owners in Sea Colony and, in particular, for

the improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the appropriate portion of the Common Areas and of the Lots situated upon the Parcel, including, without limiting the foregoing, the payment of taxes (if any), insurance, repair, replacement, maintenance, additions, and the cost of labor, equipment, materials, utilities, services, management and supervision.

Section 3. Budget and Commencement of Payment.

(a) The Association's Board of Directors shall, from time to time, but at least annually, fix and determine a budget representing the sum or sums necessary and adequate for the continued operation of the Association. The Board shall determine the total amount required, including the operational items such as insurance, repairs, replacements, reserves, maintenance and other operating expenses, as well as charges to cover any deficits from prior years and capital improvements and reserves approved by the Board. The total annual assessments and any supplemental assessments shall be shared by all Lots based upon the formula and terms and provisions set forth herein and in the Articles of Incorporation and Bylaws.

(b) Each Lot shall commence paying its share of the Association assessments commencing with the day title of the Lot is conveyed by deed from the Company to the first grantee thereof; provided, however, a conveyance by the Company to a related or affiliated entity or subsidiary shall not be deemed a conveyance to the first grantee.

Section 4. Guarantee of Assessments. The Company guarantees that for a period of one year commencing with the date of the conveyance by the Company of the first Lot within the Parcel, excluding conveyances by the Company to an entity or subsidiary related to or affiliated with the Company, the assessments of the Association shall be in the amount as specified in the initial estimated operating budget of the Association. During the period of said guarantee, the

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Company shall pay the amount of expenses of the Association incurred during that period and not produced by the assessments at the guaranteed level receivable from other Lot Owners, as provided herein, and during said period, the Company shall not be required to pay any specific sum for its share of the expenses of the Association as to any Lots owned by it. Provided, however, the Company shall pay the deficit during said period. The Company's guarantee is not intended to include, and does not include and shall never be deemed to include, expenses or fees called for or occasioned by an action or decision of the Board of Directors when Lot Owners, other than the Company, elect a majority of the Board of Directors, where such expenses or fees are inconsistent with expenses or fees preceding that time. In such event, the Company, at its option, may pay the sums required to be paid by it; or, the Company, at its option, may cancel said guarantee. In such case, it shall pay the assessments of the Association as to the Lots owned by it.

The Company hereby reserves the right, to be exercised in its sole discretion, to extend from time to time the termination date of the above guarantee for such period of time as the Company determines. Should Company elect to extend the time period of the guarantee, Company shall notify the Board of Directors of the Association of its election prior to the termination date of the original guarantee term or an extended guarantee term, and such notice shall set forth the new termination date of Company guarantee. The Company reserves the right, in its sole discretion, to require the Board of Directors of the Association to increase the amount of the assessments due from Lot Owners other than the Company for each extension by an amount not to exceed fifteen (15%) percent of the guaranteed amount of assessment for the preceding period. Provided, however, in no event may the Company require the Board of Directors to increase the assessment due from Lot Owners other than the Company by more than fifteen (15%) percent for each year of extension of the guarantee. The Board of

Directors of the Association agree to comply with the requirements of the Company, as provided herein, and increase the assessments payable from Lot owners other than the Company during any extension of the guarantee. Should the Board of Directors of the Association fail to increase such assessments, as may be required by the Company hereunder, the Company shall have the unconditional right to cancel its guarantee, as contained herein; or, Company shall have the right to specifically enforce its rights as provided herein.

Section 5. Due Dates; Duties of the Board of Directors. All Assessments shall be payable monthly in advance or on such other basis as is ordered by the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each Lot and shall prepare a roster of the Lots and assessments applicable, which shall be kept in the office of the Association and shall be open to inspection by any Member. Upon the written request of a Member or his mortgagee, the Board shall promptly furnish such Member or his mortgagee with a written statement of the unpaid charges due from such Member.

Section 6. Effect of Non-Payment of Assessment; The Personal Obligation of the Member; The Lien; Remedies of the Association. If an assessment is not paid on the date when due, then at the option of the Board, such assessment, together with the balance of the annual assessment established by the Board, shall become delinquent and shall, together with such interest thereon, late charges and the cost of collection thereof, including reasonable attorneys' fees and court costs, thereupon become a continuing lien on the Member's Lot which shall bind such property in the hands of the Member, his heirs, devisees, personal representatives and assigns. Such lien shall be prior to all other liens except: (a) tax or assessment liens of the taxing division of any governmental authority, including but not limited to, state, county and school district taxing agencies; and (b) all sums unpaid on any bona fide first mortgage

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of record encumbering the Home or Lot. The personal obligation of the Member who was the Owner of the Lot when the assessment fell due, to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within ten (10) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the maximum permissible rate in the State of Florida. A late charge of up to \$25.00 may be assessed by the Board and the Association through its Board, may bring an action at law against the Member or former Member personally obligated to pay the same or it may bring an action to foreclose the lien against the property. There shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and reasonable attorneys' fees to be fixed by the court, together with the cost of the action and the aforesaid late charge.

Section 7. Selling, Leasing and Gifts of Lots, Etc.

(a) No Member shall convey, mortgage, pledge, hypothecate, sell or lease his Lot and the Home thereon unless and until all unpaid assessments assessed against such Lot shall have been paid as directed by the Board of Directors; such unpaid assessments, however, may be paid out of the proceeds from the sale of the Lot or by the Purchaser of such Lot. Any sale or lease of the Lot in violation of this section shall be voidable at the election of the Board of Directors.

(b) Upon the written request of a Member or his mortgagee, the Board or its designee shall furnish a written statement of the unpaid charges due from such Member which shall be conclusive evidence of the payment of amounts assessed prior to the date of the statement but unlisted thereon. A reasonable charge may be made by the Board for issuance of such statements.

(c) The provisions of this section shall not apply to the acquisition of a Lot by a mortgagee who shall acquire title to such by foreclosure or by deed in lieu of foreclosure. In such event the unpaid assessments against the Lot which were assessed and became due prior to the acquisition of title by such mortgagee shall be deemed waived by the Association and shall be charged to all other members of the Association as an Association expense. Such provisions shall, however, apply to any assessments which are assessed and become due after the acquisition of title by the mortgagee and to any purchaser from such mortgagee.

(d) Whenever the term Lot is referred to in this section, it shall include the Member's interest in the Association and the Member's interest in any property acquired by the Association. Any Member may convey or transfer his Lot by gift during his lifetime or devise the same by will or pass the same by intestacy.

(e) The provisions of this section shall not apply to Company. This section may not be amended without the prior written consent of Company.

Section 8. Subordination of Lien. The lien for assessments provided for in this Article shall be superior to all other liens, except tax liens, mortgage liens in favor of institutional mortgagees or persons or entities deemed to be institutional mortgages by the provisions of this Declaration, and mortgage liens in favor of mortgagees under mortgages now existing or hereafter granted by the Company, as mortgagor.

Section 9. Sewer Assessment. The Association shall be responsible for providing sanitary sewage collection and treatment service to all Lots on the Parcel to the extent provided for in Article XI of this Declaration. In order to facilitate service to its members, the Association shall have the authority to contract with an appropriate public or private entity for the operation of any sewage treatment system owned or leased by the Association. The Association

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shall further have the authority to convey any sewage system improvements owned by the Association to an appropriate public or private utility corporation on such terms as the Association shall determine so long as the utility corporation shall agree to provide sewage service to all members and the Association on a non-discriminatory basis at rates approved by the Florida Public Service Commission or that Commission's successor under applicable Florida Statutes then in force.

So long as the Association shall own or lease its own sewer treatment system, the Association shall budget for the expenses of providing such service and collect assessments for such service in the same manner as for other assessments provided for in this Article. Whether or not the Association elects to show such sewer assessment as a separate line item on a Lot Owner's Assessment Statement or include the sewer assessment as part of the general monthly assessment, the charge for sewer service shall be collected and enforced in the same manner as every other assessment provided for in this Article and the same guarantees of the Company shall, if the Company so elects, apply to the assessment for sewer service.

Section 10. Capital Improvements. Funds necessary for capital improvements, emergencies or non-reoccurring expenses may be levied by such Association as special assessments, upon approval of a majority of the Board of Directors of such Association and also, for such funds exceeding the sum of \$4,000.00, upon approval by two-thirds favorable vote of the Members of such Association voting at a meeting or by ballot as may be provided in the By-Laws of such Association.

Section 11. Certificate of Assessment. The Association shall upon demand at any time furnish to any Owner liable for an assessment a certificate in writing signed by an officer of the Association, setting forth whether such assessment has been paid as to any particular Lot. Such certificate shall be

conclusive evidence of payment of any assessment to the Association therein stated to have been paid.

ARTICLE VIII

Insurance

Section 1. Common Areas.

(a) General Liability. The Association, by action of its Board of Directors, shall maintain public liability insurance, to the extent obtainable, covering the Association and each Association Member, lessee and occupant, and the managing agent, if any, against liability for any negligent act of commission or omission attributable to them which occurs on or in the Common Areas.

(b) Additional Insurance. To the extent obtainable, the Board of Directors shall also be required to obtain the following insurance:

(i) Vandalism and malicious mischief endorsements, insuring the Common Areas; and,

(ii) workmen's compensation insurance, if required by law; and,

(iii) Directors' and Officers' liability insurance, fidelity insurance and other insurance it may deem proper to protect the Association, its members and property.

(c) Assured and Loss Payable. All casualty insurance policies purchased by the Association hereunder shall be for the benefit of the Association and all Unit owners and their mortgagees as their interests may appear and shall provide that all proceeds covering casualty losses of \$10,000.00 or less shall be paid to the Association. Any sum in excess of \$10,000.00 shall be paid either to the Association or to an insurance trustee as the Association shall determine at the time. An insurance trustee shall be any bank or trust company or other corporate trustee authorized for and doing business in Florida, as

designated by the Board of Directors of the Association. The duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust pursuant to the terms of the Insurance Trust Agreement to be executed by the Association and the Insurance Trustee, which shall not be inconsistent with any of the provisions herein set forth.

(d) Payment of Premiums. The Board of Directors shall collect and pay the premiums for insurance as a part of the common expenses. Expenses of any Insurance Trustee appointed shall be paid by means of special assessment by the Board.

(e) Mandatory Repair. Unless there occurs substantial damage or destruction to all or a substantial part of the Common Area facilities, the Association and the Homeowners shall use insurance proceeds to repair, replace and rebuild the damage caused by casualty loss. Related costs and expenses not covered by insurance shall be borne by the Unit owners in a fair and equal manner.

(f) Association as Agent. The Association is hereby irrevocably appointed agent for each Homeowner to adjust all claims arising under insurance policies purchased by the Association, and to execute releases thereof.

ARTICLE IX

The Association

Section 1. Powers. The Association shall have all statutory and common law powers of a Florida non-profit corporation, to the extent they do not conflict with all powers provided in its Articles of Incorporation and By-Laws, copies being attached hereto as Exhibits D and E, and all powers granted in this Declaration.

Section 2. Duration. The Association shall have perpetual duration and may not be voluntarily dissolved by its members.

ARTICLE X

Building and Use Covenants

Section 1. Land Use. The use of a Lot or of the Common Areas by The Association, a Member or other occupant shall be subject to the rules, regulations and provisions of this Declaration, the Articles and By-Laws and the Rules and Regulations of the Board of Directors and the Development Order as such Order applies to the Parcel. No Lot shall be used except for residential purposes for immediate members of a single family.

Section 2. Building Type. No building shall be erected, altered, placed or permitted to remain on any Lot other than one single family dwelling unit. All building exteriors shall be completed within six (6) months from commencement of construction or issuance of a building permit, whichever comes first.

Section 3. Architectural Control. (a) No building, wall, fence, decking, paving, awnings, or other structure or improvement of any nature shall be erected, placed, modified, altered or permitted to remain on any Lot or Common Area until the construction plans and specifications and a plan showing the kind, shape, materials, colors and location of the structure, exterior elevations, and landscaping, as may be required by both the Architectural Review Committee and the Association, have been approved in writing by the Architectural Review Committee and the Association. Each building, wall, fence, or other structure or improvement of any nature, together with the landscaping, shall be erected, placed or altered upon the premises only in accordance with the plans and specifications and plot plan so approved. Refusal of approval of plans, specifications and plot plan, or any of them, may be based on any ground, including purely aesthetic grounds, which, in the sole discretion of said

Architectural Review Committee, seems sufficient. Any change in the exterior appearance of any building, wall, fence, or other structure or improvements, and any change in the appearance of the landscaping, shall be deemed an alteration requiring approval. The Architectural Review Committee shall have the power to promulgate such rules and regulations as it deems necessary to carry out the provisions and intent of this paragraph.

(b) The Architectural Review Committee shall review the proposed submission as to the type and quality of materials, harmony of the exterior design and location of the building or structure with existing buildings or structures, location of the building or structure with respect to topography, trees, vegetation and the finished grade elevation and floor slab, exterior color(s) of any building or structure and any other relevant considerations. Upon completion of the proposed improvements, an "as-built" survey showing the finished floor and grade elevation and location of all improvements shall be filed with the Association and with the Architectural Review Committee.

(c) The Architectural Review Committee shall be composed of not less than three (3) nor more than seven (7) persons. The members of the Committee shall be appointed by the Company, its designees, successors or assigns. The membership, rules of procedure and duties of the Committee shall be prescribed by and, from time to time, changed or modified by the Company. If and when the Company deems the circumstances appropriate, the Company, in its sole discretion, may assign to the Sea Colony Homeowner's Association or any other body, all or part of the rights, duties, and functions of the Architectural Review Committee as set forth in this Declaration of Restrictive Covenants and Easements. From and after the date of any such assignment, the Company shall be relieved of any further duties or obligations concerning the Committee, and the Homeowner's Association or other body shall assume the duties and perform the functions as set forth herein.

(d) If the Architectural Review Committee shall disapprove, in whole or in part, any submission required herein, the Committee shall notify the person, firm or entity making the submission of the reasons for such disapproval. If the Architectural Review Committee fails or refuses to approve or disapprove a submission containing all the requirements as set forth herein within forty-five (45) days after submission is received by the Committee, it shall then be presumed that the submission has been approved by the Architectural Review Committee.

(e) In no event shall the provisions of this section require the Company to obtain approval of the Architectural Committee for initial construction of the common area improvements or initial construction of improvements and loans on individual Lots within the parcel so long as the Company files plans for said construction with the committee and said plans conform to all governmental requirements including building and setback regulations of Flagler County and the Development Order enacted by Flagler County for the Parcel.

Section 4. Change in Buildings. Neither the Association nor any Owner shall make or permit any structural modification or alteration of any building or other structure within Sea Colony except with the prior written consent of the Architectural Review Committee (herein identified), or its successor; the Association, acting by and through its Board of Directors; and all institutional mortgagees holding a mortgage on a said building or structure. Consent may be withheld if, in the sole discretion of the party requested to give the same, it appears that such structural modification or alteration would affect or in any manner endanger other dwelling units. No building or structure shall be demolished or removed without the prior written consent of all institutional mortgagees holding a mortgage on said building or structure and also the prior written consent of Company or its successor. Company shall have the right, but

shall not be obligated, to assign all of its rights and privileges under this Section to the Association.

Section 5. Regulations. Regulations promulgated by the Board of Directors, or any committee established by the Board of Directors, or any committee established by the Board concerning the use of the Properties shall be observed by the Members and their family, invitees, guests and tenants; provided, however, that copies of such regulations are furnished to each Member by personal delivery or by regular mail prior to the time the said regulations become effective.

Section 6. Building Location and Setbacks. Buildings shall be located in conformance with this Declaration, and the Development Ordinance of Flagler County, Florida, pursuant to which a Planned Unit Development plan was filed under Article 5 of said Ordinance, and any specific approvals thereunder, or as originally constructed on a Lot by Company or its successor or assignee. For all residential construction on Lots within the Parcel, setbacks shall be no less than as follows:

Front - 25' from edge of pavement.

Corner lot - 20' from edge of pavement.

Side - 7.5' from side property line.

Rear - 20' from rear property line.

In no event shall any regulation swimming pool or similar structure be placed closer than 10 feet from any rear property line.

Section 7. Damage to Buildings. In the event a dwelling unit is damaged, through Act of God or other casualty, then Lot Owner shall promptly cause his dwelling unit to be repaired and rebuilt substantially in accordance with the original architectural plans and specifications. The Association shall have the power to enforce such repair or rebuilding by suit in a court of competent jurisdiction and the cost to the Association of such enforcement (including

attorney's fees) may be added to and become part of the assessment to which the Lot is subject. To accomplish the requirements of this Section, each Owner shall insure his dwelling unit at the highest insurable value, including, but not limited to, full replacement value of the premises.

Section 8. Temporary and Accessory Structures. No accessory building or structure of a temporary character, or trailer, tent, mobile home, boat or recreational vehicle shall be permitted on any Lot or common area at any time or used on any Lot at any time, either temporarily or permanently, except as permitted by both the Association and the Architectural Review Committee. No gas tank, gas container, or gas cylinder shall be permitted to be placed on or about the outside of any houses built in this property or any ancillary building, and all gas tanks, gas containers and gas cylinders shall be installed underground in every instance where gas is used. In the alternative, gas containers may be placed above ground if enclosed on all sides by a decorative wall or fence approved by the Architectural Review Committee.

Section 9. Signs. No sign, advertisement or poster of any kind shall be erected or displayed to the public view on Parcel without the prior written approval of the Architectural Review Committee and the Association as to size, color, content, material, height and location except for one for sale sign no larger than four square feet. This paragraph shall not apply to Company.

Section 10. Pets, Livestock and Poultry. No animals, livestock, or poultry of any kind or size shall be raised, bred or kept on any Lot, except that dogs, cats, or other household pets may be kept as authorized by the Board of Directors of the Association. However, the number of said pets shall not exceed two (2) for any Lot, provided that they are not kept, bred or maintained for any commercial purpose and provided that they do not become a nuisance or annoyance to any person. No dogs or other pets shall be permitted to have excretions on any Lot, Common Area, or anywhere else within the Parcel, except

in locations designated by the Association or on the Lot owned by the Owner of such pet.

Section 11. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which is or may become an annoyance or nuisance to the neighborhood.

Section 12. Antenna. No television, radio, electronic or other type antenna or satellite dish may be erected on a Lot or attached to any Dwelling Unit thereon unless it is located completely inside the dwelling unit and concealed from view.

Section 13. Exterior Appearances and Landscaping. The paint, coating, stain, and other exterior finishing colors on all buildings may be maintained as that originally installed, without prior approval of the Architectural Review Committee. Prior approval by the Architectural Review Committee shall be necessary before any such exterior finish color is changed. Furthermore, prior approval shall be required if the Association or any owner wishes to paint, varnish, stain or make any application to exterior wood treatment, if any. The landscaping, including, without limitation, the trees, shrubs, lawns, flower beds, walkways, and ground elevations, shall be maintained as originally installed by Company, unless the prior approval for any substantial change is obtained from the Association and the Architectural Review Committee. Neither aluminum foil, paper, nor anything which the Architectural Review Committee deems objectionable, may be placed on windows or glass doors. No owner may place or construct any structures, slabs or porches beyond the limits of any building or patio except with permission of the Architectural Committee or place any objects such as bicycles, toys, barbecues, etc., on the Lot unless concealed from the view of the road frontage except, however, customary outdoor furniture.

All Lots shall be kept in a clean and sanitary manner and no rubbish, refuse or garbage shall be allowed to accumulate or any fire hazard allowed to exist.

Section 14. Existing Trees. Neither the Association nor an owner or other person, without the prior written consent of the Architectural Review Committee, shall remove any live tree with a trunk of four (4) inches or more in diameter (as measured one (1) foot from ground level) from any portion of the Parcel. If said trees are removed without said prior consent, the owner or the Association, as appropriate, may be required by the Committee to replace same with trees of comparable size.

Section 15. Grades and Elevations. In order to preserve and maintain proper drainage in Sea Colony, no changes in grades or elevations of any portion of a Lot (including the swale areas) or Common Area shall be made without the prior written approval of the Association and the Architectural Review Committee. Final floor elevations and all other applicable grades must be shown on the site plan and approved by both the Committee and the Association prior to construction.

Section 16. Drainage Swale. The Owner shall maintain all drainage swales within an owner's Lot. Standards for the location, width, depth and invert grades of culverts and dipped driveways, if any, shall be established by the Architectural Review Committee from time to time. The Association shall provide the Architectural Review Committee with two sets of "as-built" drawings which set forth the location of invert grade, width and depth. Nothing shall be constructed, maintained, altered or permitted to exist on any portion of Parcel if, in the opinion of the Committee, it obstructs, would obstruct or otherwise impede the flow of surface drainage.

Section 17. Fertilizers. In order to reduce the dissolution of nitrogen into the ground and surface waters in amounts injurious to the environment, only

fertilizers which are capable of releasing nutrients at a controlled rate, such as organic fertilizer, are permissible.

Section 18. Commercial Vehicles, Trucks, Trailers, Campers and Boats. No trucks or commercial vehicles, campers, mobile homes, motor-homes, boats, house trailers, boat trailers, or trailers of any other description shall be permitted to be parked or to be stored overnight at any place on any Lot or Common Area in this property, unless parked in a completely enclosed garage with the door to said garage completely closed. This prohibition of parking shall not apply to temporary parking of trucks and commercial vehicles, such as for pick-up, delivery and other commercial services or to vehicles owned by the Association and parked on Common Areas designated for parking and screened from residential Lots. Non-commercial vans used for personal purposes shall not be prohibited. No person shall park a vehicle so as to obstruct the flow of traffic within the parcel.

Section 19. Sales and Rentals. No Lot or Dwelling Unit thereon may be sold, rented, or sublet without express written notice to the Board of Directors of the Association. This provision is for the purpose of making certain that subsequent owners and renters understand the rights and obligations of members of the community, including, but not necessarily limited to, the Covenants, Rules and Regulations and Maintenance Assessments. In addition, the Board of Directors may authorize the use of a registration form to be completed by prospective purchasers or renters. No Dwelling Unit may be rented, leased or sublet for a period of less than thirty (30) days. All enforcement procedures applicable to this Declaration shall be equally applicable to enforcement of this section.

Section 20. Walls/Fences. No fence, wall, gate, hedge, or other structure shall be erected or maintained on any Lot, except as originally installed

by Company or Company's assignee, or except any approved in writing by both the Association and the Architectural Review Committee as provided herein.

Section 21. Garbage and Trash Disposal. No garbage, refuse, trash or rubbish shall be deposited on any Lot except in areas designated by the Association for such purpose. All equipment for storage or disposal of such material shall be kept in a clean and sanitary condition and shall be kept hidden from view.

Section 22. Outdoor Drying and Laundry. No clothing, laundry or wash shall be aired or dried on any portion of any Lot or Common Area in an area viewable to any other Lot or Dwelling Unit or roadway. No garments, rugs, etc., shall be hung from windows or doorways of homes, and no clotheslines or similar type structure shall be permitted on any Lot.

Section 23. Swimming Pools and Screen Enclosures. Any screen enclosures, deck areas, patios, swimming pools, hot tubs, jacuzzis, and sun decks must be approved in writing by the Architectural Review Committee and the Association prior to construction. In no event shall any regulation size swimming pool (16'x32' or greater) be permitted in a rear yard of any Lot closer than 10' to the rear property line, and if screened or enclosed no closer than 20' to the rear property line. If a particular rear yard is not large enough to accommodate a full size, regulation pool, the Lot owner, with the approval of the Architectural Committee and the Flagler County Building Department, may install a smaller pool ("get wet" type pool) similar to the one shown in the model home area constructed by Company and filed with Flagler County, so long as said pool is not closer than 8 feet to the rear property line of any Lot. In no event can this type of pool using an 8' setback be screened or enclosed at the time of construction or after without the consent of the Architectural Committee and the Flagler County Building Department.

Section 24. Lawful Conduct. No immoral, improper, offensive or unlawful use shall be made of any Lot or other improvements. All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction shall be strictly observed.

Section 25. Risks. No Lot owner shall permit or suffer anything to be done or kept in his home or upon his Lot which will increase the rate of insurance as to other Lot owners or as to their Lots or to the Association as to the Common Areas.

Section 26. Basketball Boards. Basketball backboards are prohibited, whether attached to the Dwelling Unit or free-standing unless approved in writing by the Architectural Committee.

Section 27. Flagpoles. All flagpole structures and their locations must be approved by the Committee prior to construction and/or installation of same.

Section 28. Decorative Items. The use of decorative items, including but not limited to statues, gates, rocks, planters, bird baths and other ornamental accessories must be submitted to the Association and the Architectural Review Committee for review and written approval prior to use, installation or construction.

Section 29. Mailboxes. All mailboxes shall be of the standardized type designated by the Association and the Architectural Review Committee as to style, location, material, color, height and type of post mounting.

Section 30. Lighting. All exterior lighting, including, but not limited to, walkway, driveway, accent, or common area, must be shielded from shining on the beach areas of the parcel and approved by the Association and the Architectural Review Committee prior to construction or installation. All outdoor lighting systems shall be use energy efficient lighting as required by Article 10.1 of the Development Order.

Section 31. Businesses. No trade, business, professional office, or any other type of commercial activity shall be conducted on any portion of Parcel, upon any Lot or in any Dwelling Units. However, notwithstanding this restriction, the Company and its assigns shall not be prohibited from operating sales models and/or a sales office on any portion of "Parcel".

Section 32. Docks. Docks or similar permanent structures may be permitted on a Lot adjacent to a lake or other body of water so long as the design of such structure has been approved in advance of construction by the Architectural Review Committee and the Owner of the Lot obtains the necessary approval of and an easement from the Association. No such dock shall include a boat house or similar enclosed structure. The dock shall be used only for mooring a maximum of two boats of a type permitted by Section 33 and nothing shall be stored on or around the dock. Unless a boat is moored at a dock, it must be stored in compliance with Section 18 of this Article.

Section 33. Operation of Boats. No boat or other water craft or vessel of any type whatsoever which is propelled by an internal combustion engine shall be operated on any lake or water body on the Parcel, except for any boat used by the Association for maintenance of the water body or by any governmental entity.

Section 34. Violations. In the event of a violation of these covenants and restrictions, or of any rule properly promulgated by the Board of Directors of the Association, the Association may, as an additional remedy, provide written notice of the violation to the Unit Owner of record, and if said violation shall continue for a period of seven (7) days from the receipt of the written notice, the Unit Owner may be assessed an amount up to \$5.00 per day, per violation. This assessment shall be considered in the same manner as hereinbefore provided for regular assessments and those sections providing for the recording of the assessment lien, enforcement and collection shall also apply.

Section 35. Company Rights. Notwithstanding any other provision in this Declaration, the Company is irrevocably empowered to sell, lease or rent Lots on any terms to any purchasers or lessees for as long as it owns any Lot. This section is intended to provide the Company with the broadest authority and power to transact and implement its business, and such activities shall be free and clear of any restrictions contained in this Declaration which would impede such activities. The Company shall have the right to transact any business necessary to consummate sales of said Lots, temporary uses for model homes, parking Lots and/or sales offices, maintain signs, have employees in the office, use the Common Areas and show Lots. Sales office signs and all items pertaining to sales shall not be considered property of the Association and shall remain the property of the Company.

ARTICLE XI

Sewer Utility

Section 1. Matanzas Shores Development of Regional Impact. Sea Colony is being developed by the Company as a portion of the Matanzas Shores Development of Regional Impact (Project) pursuant to Florida Statute Chapter 380. The Parcel in this Declaration is a portion of the property referred to as the South Parcel in that Project. In accordance with the requirements of Florida law governing such developments, the Development Order (Order) provides that sewage service in the Project will be provided by means of a sewage treatment plant and collector system to be constructed by Company or its successors on the North Parcel of the Project to serve both North and South Parcels of the Project as described in the Project documents on file with Flagler County, Florida.

Section 2. Sea Colony Preliminary Sewage Service.

a) Until such time as the Company or its successors cause the sewage treatment system for the entire Project to be constructed in accordance with the Order referred to in Section 1, sewage service to Sea Colony shall be provided

by a sewage treatment plant to be constructed on land owned by Company on the Parcel. Company shall, at its own expense, construct or cause this plant to be constructed together with associated sewer improvements and cause them to be connected to the sewage collection system owned by Association on the Parcel. Said construction and connection shall be completed prior to deeding any Lot in Sea Colony to any class A Member.

b) Upon completion of construction and connections as provided in a), the Company shall lease to the Association the sewage treatment plant and associated improvements so constructed and the land on which said plant and improvements are located for an amount not to exceed one dollar (\$1) per year. Upon execution of this lease, it shall be the obligation of the Association to operate and maintain the leased plant and improvements and provide sewage service to all Members of the Association on an equitable basis. The Association shall recoup the expenses for said service by assessing all Members for such service in the manner provided in Article VII, Section 9 of this Declaration.

c) The lease referred to in this Section shall continue until such time as the sewage treatment system for the entire Project (Project System) is constructed and ready to be placed in service. Upon certification by the appropriate governmental entities that the Project System is complete and ready for operation, the Company shall cause to be formed a Florida non-profit corporation (Project Association) for the purpose of owning and operating the Project System. This corporation shall be required to provide sewage service to all property in the Project including all of the Sea Colony Parcel, on a equitable and non-discriminatory basis. All Members of the Association shall automatically become Members of the Project Association upon its formation in addition to their continued membership in the Sea Colony Homeowners Association. The Company specifically reserves the right to file such amendments to this

Declaration or file additional Declarations pertaining to the Parcel as are necessary to form the Project Association and no amendment shall be made to this Declaration that diminishes or restricts this right without the written approval of the Company. Membership in the Project Association will entitle all Sea Colony Members to receive sewage service for any property owned by such Members in the Parcel from the Project Association and entitle all Sea Colony Members to vote with all other property owners within the Project on the operation of the Project Association. The costs of operating the Project System shall be borne by all Members of the Project Association on an equitable basis and the Project Association shall have the power and obligation to levy assessments on all Members for such costs. Upon formation of the Project Association, conveyance of the Project System to the Project Association and connection of the Project System to the sewage collection system owned by the Sea Colony Homeowners Association, the Company shall provide written notice of such completion to the Sea Colony Homeowner's Association and such notice shall operate as termination of the lease between the Company and the Association for the preliminary sewage treatment plant improvements. The connection to the Project System shall be performed at no cost to the Association. Upon termination of the lease, and assumption of the obligation to provide sewage service to the Parcel by the Project Association, the Association shall be relieved of any further obligation to provide sewage service to its Members.

d) In order to provide for orderly collection of the costs of operation of the Project System, the Association and the Project Association may agree to have the Association continue to collect the assessments for the Project System costs of sewage service from the Associations Members and remit the assessments so collected to the Project Association. All charges for sewage service to Lots in the Parcel, whether such service is provided by the Association or the Project Association shall be assessments against the Lot receiving such service

and shall be collected, if unpaid, by the Association or Project Association (depending on which entity is entitled to the proceeds of such unpaid assessment) in the manner provided by Article VII, Section 6 of this Declaration or as the Project Association Documents shall provide.

e) As an alternative to the Project Association provided for in this Section, the Company may cause the Project System to be conveyed to a public or private utility corporation regulated by the Florida Public Service Commission. It shall be an absolute condition of any said conveyance to a utility that the utility provide service on a nondiscriminatory basis to all property within the Project including the Parcel at rates approved by the Florida Public Service Commission or its successors. If such a conveyance occurs and the sewage collection system owned by the Association is connected to the Project System, Company shall provide written notice of such conveyance to the Association and such notice shall operate as termination of the Lease between the Company and the Association for the preliminary sewage treatment plant improvements. The connection of the Project System to the improvements owned by the Association shall be done at no cost to the Association. Upon termination of the Lease, the Association shall be relieved of any further obligation to provide sewage service to its members.

Section 3. Sea Colony Phasing - Sewage Service. The preliminary sewage treatment plant to be constructed by the Company on the Parcel pursuant to this Section shall be appropriately designed and built to accommodate the treatment requirements of all Lots and Common Areas in Phase 1 of Sea Colony and, if the Company commits to add Phase 2 pursuant to Article II Sections 2 and 3 of this Declaration, the Lots and Common Areas for Phase 2. In the event the Project System referred to in Section 2 of this Article is not constructed and turned over to a Project Association or Utility for any reason, the Company shall not commit to the construction of Phase 3 of Sea Colony until the preliminary sewage

treatment plant on the Parcel is expanded to provide for the Lots and Common Areas of Phase 3. In order to provide for the expansion of the preliminary sewage treatment plant necessary to allow for the addition of Phase 3 to Sea Colony, the Company shall have the right to relocate, at its expense, any sewage treatment plant improvements owned by it and covered by the Lease between the Company and the Association. Said relocation may include relocation to any property then owned by the Company whether adjacent to the Parcel or not. In the event the relocation is to property not part of the Parcel at the time of such relocation, Company shall be required to convey said property at no cost to the Association subject to a Declaration of Covenants, Restrictions and Easements substantially the same as this Declaration. The Association shall have the power and obligation to accept such conveyance upon occurrence of the events provided for in Section 4 below.

Section 4. Turnover of Preliminary Sewage Treatment Facility to Sea Colony. If the Project System is not constructed and turned over to a Project Association or Utility for any reason, Company shall, upon turnover of control of the Association to the Class A Members of the Association pursuant to the terms of this Declaration, convey title to all preliminary sewage treatment plant improvements constructed by the Company on the Parcel (or on other property as provided in Section 3) and owned by the Company to the Association at no cost to the Association and the Association shall have the obligation to accept such conveyance and thereafter continue to operate, maintain and levy assessments for the cost of the improvements in order to provide sewage service to its Members.

Additional Powers Reserved to Developer

Section 1. Company Related Documents. So long as Company (Class B Member) shall own any Lots or any portion of the real property described in Exhibits A, B or C attached hereto, no Company related amendment shall be made to the Declaration, to any Supplemental Declaration, to the Articles of Incorporation of the Association, to the Association By-Laws, Rules, Regulations, Resolutions or any other similar Association document, nor shall any such Company related amendments or documents be executed, adopted or promulgated by the Association or the Board of Directors unless such Developer related amendment or document shall be specifically approved in writing by Company in advance of such execution, adoption, promulgation and recording.

Section 2. Definitions. For the purpose of Section 1 of this Article, an amendment or document which does any of the following shall be considered to be a company related amendment:

- (a) Discriminates or tends to discriminate against Company as an Owner or otherwise;
- (b) Directly or indirectly by its provisions or in practical application relates to Company in a manner different from the manner in which it relates to other Owners;
- (c) Modifies the definitions provided for by Article I of this Declaration in a manner which alters Company's rights or status;
- (d) Modifies or repeals any provision of Article II of this Declaration;
- (e) Alters the character and rights of membership as provided for by Article III of this Declaration or affects or modifies in any member whatsoever the rights of Company as a member of the Association;
- (f) Alters any previously recorded or written agreement with any public or quasi-public agencies, utility company, political subdivision, public

authorities or other similar agencies or bodies, respecting zoning, streets, roads, drives, easements or facilities;

(g) Denies the right of Company to convey the Common Properties to the Association;

(h) Denies the right of Company to record a Supplemental Declaration with respect to portions of the Properties or adding properties subject to this Declaration or otherwise making provisions in accordance with the powers granted to Company in this Declaration;

(i) Modifies the basis or manner of Association assessments as applicable to Company or any Lots owned by Company as provided for by Articles VI and VII;

(j) Modifies the provisions of Article X (architectural control) as applicable to Company or any Lots owned by Company;

(k) Modifies or repeals any provision of Article XI.

(l) Alters the provisions of any Supplemental Declaration; or

(m) Denies the right to the Company, its contractors and subcontractors, to maintain temporary construction trailers, sheds or other buildings upon the Parcel; or

(n) Alters or repeals any of Company's rights or any provision applicable to Company's rights as set forth in any provision of this Declaration or of any Supplemental Declaration or other Document applicable to Company.

The decision to approve or failure to approve any Company related document or Amendment by Company in accordance with Section 1 of this Article shall be in the sole and absolute discretion of Company and the Company shall not be liable to the Association, its Members or any party as a result of granting or refusing to grant such approval.

Section 3. Company Lands. So long as Company continues to construct any facilities in the Development, no action may be taken by the Board or the

Association applicable to the Company or any of the Lots or other land owned by Company unless such action shall be approved in writing by Company; or, unless the need therefor shall be waived by the Company in writing.

ARTICLE XIII

General Provisions

Section 1. Beneficiaries of Easements, Rights and Privileges. The easements, licenses, rights and privileges established, created and granted by this Declaration shall be for the benefit of and restricted solely to, the Association, the Company and its subsidiaries and assigns, and the owners of Lots on the Properties; and any Owner may also grant the benefit of such easement, license, right or privilege to his tenants and guests and their immediate families for the duration of their tenancies or visits, subject, in the case of the Common Areas, to the Rules and Regulations of the Board of Directors; but, the same is not intended nor shall it be construed as creating any rights in or for the benefit of the general public.

Section 2. Duration. The existence of the Association shall be perpetual. The covenants and restrictions of this Declaration shall run with and bind the land that has been made a part of Sea Colony Homeowner's Association and shall inure to the benefit of and be enforceable by the Company, the Association, or the Owner of any land subject to this Declaration, and their respective legal representatives, heirs, successors and assigns, for a term of ninety-nine (99) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years each, unless an instrument signed by the then Owners of two-thirds of the Lots and all institutional mortgagees of Lots has been recorded, agreeing to change said covenants and restrictions in whole or in part. Provided, however, that no such agreement to change shall be effective unless made and recorded one

(1) year in advance of the effective date of such change, and unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any action taken. Further, no such agreement shall have the effect of dissolving the Association or otherwise terminating its existence.

Section 3. Notice. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when personally delivered or mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 4. Enforcement. Enforcement of these covenants and restrictions shall be by the Company, its assigns, the Association or any Owner by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to enforce any lien created by these covenants; and failure by the Company, the Association, any Owner or other party to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. These covenants may also be enforced by the Architectural Review Committee. The prevailing party in any proceeding at law or in equity provided for in this Section shall be entitled to recover in said suit the cost of the action, including reasonable attorneys' fees to be fixed by the Court, including attorneys' fees in connection with appeal of any such action.

Section 5. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order or otherwise shall in no way affect any other provisions which shall remain in full force and effect.

Section 6. Amendment. Excepting supplemental Declarations and in addition to any other manner herein provided for the amendment of this Declaration, the covenants, restrictions, easements, charges, and liens of this agreement may

be amended, changed, added to, derogated, or deleted at any time and from time to time, upon the execution and recordation of any instrument executed by: (1) Company, for so long as it holds title to any Lot affected by this Declaration and said amendment by the Company shall not require the consent of any mortgagees, owners or partial owners of Lots nor of the Association, either now or in the future; or, alternatively, (2a) by Owners holding not less than two-thirds vote of the membership in the Association or by an instrument signed by the President and Secretary of the Association attesting that such instrument was approved by Members entitled to vote two-thirds of the votes of the Association at a meeting of the Members called for such purpose; provided, that so long as the Company is the owner of any Lot affected by this Declaration, the Company's consent must be obtained; and (2b) by all institutional mortgagees of Lots affected by this Declaration, provided that so long as the Company is the owner of any Lot affected by this Declaration, the Company's consent must be obtained. Provided, however, that no such amendment will be permitted if it modifies the obligations imposed by the Development Order unless such amendment is consented to, in writing by the appropriate governmental entity. And further, provided that no such amendment may voluntarily dissolve or otherwise terminate the existence of the Association. Any amendment must be properly recorded in the Public Records of Flagler County, Florida, to be effective.

Section 7. Administration. The administration of the Association shall be in accordance with the provisions of this Declaration and the Articles of Incorporation and By-Laws which are made a part of this Declaration and attached hereto as Exhibits "D" and "E" respectively.

Section 8. Conflict. In case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control. In case of any conflict between the Articles and this Declaration, this Declaration shall control.

Section 9. Effective Date. This Declaration shall become effective upon its recordation in the Official Records of Flagler County, Florida.

IN WITNESS WHEREOF, Palm Coast Construction Company has hereunto caused this document to be signed by its proper officers this 26th day of February, 1986.

Signed in the presence of:

PALM COAST CONSTRUCTION COMPANY

Arlene Wilson
John [Signature]

By James E. Gardner
Vice President

Attest Robert L. Scott
Secretary

(CORPORATE SEAL)

STATE OF FLORIDA

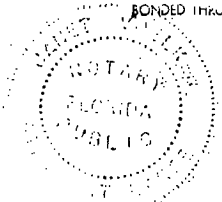
COUNTY OF FLAGLER

I HEREBY CERTIFY THAT ON THIS 26th day of February, 1986, before me, a person authorized to take acknowledgements to deeds and other instruments, personally appeared James E. Gardner and Robert L. Scott, Vice President and Secretary, respectively, of PALM COAST CONSTRUCTION COMPANY, a Florida corporation, to me known and known by me to be the persons who executed the foregoing instrument as such officers and they severally acknowledged the execution thereof to be their free act and deed as such officers for the uses and purposes therein mentioned and that they affixed thereto the official seal of said corporation and that the said instrument is the free act and deed of said corporation.

Witness my signature and official seal at Palm Coast, County of Flagler, and State of Florida, on the day and year last aforesaid.

Janet Voecker
NOTARY PUBLIC, State of Florida at Large

My Commission Expires: 9-30-87
NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXPIRES SEPT 30 1987
BONDED THROUGH GENERAL INSURANCE UNDER NO. _____



This Instrument Was Prepared by
ROBERT G. CUFF, JR.
EXECUTIVE OFFICE
PALM COAST, FL 32051

For good and valuable consideration, the receipt whereof is hereby acknowledged, SEA COLONY HOMEOWNER'S ASSOCIATION, INC., a Florida corporation not-for-profit, hereby agrees to accept all of the benefits and all of the duties, responsibilities, obligations and burdens imposed upon it by the provisions of this Declaration of Covenants, Restrictions, Easements, Charges and Liens for SEA COLONY and Exhibits attached hereto.

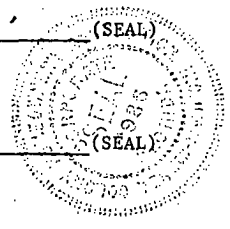
IN WITNESS WHEREOF, the above described corporation, a Florida corporation not-for-profit, has caused these presents to be signed in its name by its President and its Corporate Seal affixed, attested by its Secretary, this 26th day of February, 1986.

Signed, Sealed and Delivered in the presence of:

SEA COLONY HOMEOWNER'S ASSOCIATION, INC. a Florida corporation not-for-profit

Arlene Wilson

By: James J. [Signature]
President



Robert G. [Signature]

Attest: Alvin Fitzgerald

This Instrument Was Prepared By:
ROBERT G. GUFF, JR.
EXECUTIVE OFFICE
PALM COAST, FL 32051

L/SL-62b
(CONDO3/DW1)
Rev: 2/21/86

OFF. REC. 275 PAGE 203

EXHIBIT A

SEA COLONY DECLARATION OF COVENANTS AND EASEMENTS

PHASE I OF SEA COLONY

Phase I of Sea Colony shall consist of a portion of the Subdivision Plat of Sea Colony as recorded at Map Book 27 Pages 30 through 39 of the Public Records of Flagler County, Florida, described as follows:

All of Lots 36 through 68
80 through 89
103 through 106
208 through 239

All of the Reserve Parcels shown on said plat including: SC-1, SC-2, SC-3, SC-4, SC-5, SC-6 and SC-7.

Roads and streets shown on said plat including:
All of Sea Colony Drive

All of Avalon Drive

All of Avalon Lane

All of Bedford Drive

All of Bedford Lane

All of Nantucket Lane

That portion of Nantucket Drive from its eastern most intersection with Sea Colony Drive to a line that is the southerly continuation of the western boundary of Lot 80.

This Instrument Was Prepared By:
ROBERT G. CUFF, JR.
EXECUTIVE OFFICE
PALM COAST, FL 32051

EXHIBIT B

SEA COLONY DECLARATION OF COVENANTS AND EASEMENTS

PHASE II OF SEA COLONY

Phase II of Sea Colony shall consist of a portion of the Subdivision Plat of Sea Colony as recorded at Map Book 27 Pages 30 through 39 of the Public Records of Flagler County, Florida, described as follows:

All of Lots 1 through 35
60 through 79
90 through 102
127 through 135
144 through 149
240 through 271

Roads and streets shown on said plat including:

All of Andover Drive

All of Avalon Terrace

That portion of Bristol Drive from its intersection with Sea Colony Drive to its northern intersection with Bristol Lane.

That portion of Nantucket Drive from its westerly intersection with Sea Colony Drive to a line that is the southerly continuation of the western boundary of Lot 80.

All of Nantucket Terrace

This Instrument Was Prepared By
ROBERT C. CHIFF, JR.
EXECUTIVE OFFICE
PALM COAST, FL 32051

L/SL-62b
(CONDO3/DW3)
Rev: 2/21/86

EXHIBIT C

SEA COLONY DECLARATION OF COVENANTS AND EASEMENTS

PHASE III OF SEA COLONY

Phase III of Sea Colony shall consist of a portion of the Subdivision Plat of Sea Colony as recorded at Map Book 27 Pages 30 through 39 of the Public Records of Flagler County, Florida, described as follows:

All of Lots 136 through 143

150 through 207

272 through 350

Roads and streets shown on said plat including:

That portion of Bristol Drive from its northern intersection with Bristol Lane to the southern boundary of the Sea Colony plat.

All of Bristol Lane

All of Medford Drive

All of Sea Vista Drive

L/SK-62
(CONDO3/DW)
Rev: 1/30/86

FILED
206 FEB - 3 PM 4: 18
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLES OF INCORPORATION
OF
SEA COLONY HOMEOWNER'S ASSOCIATION, INC.
(A corporation not for profit)

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

ARTICLE I

NAME/DURATION

The name of the corporation is SEA COLONY HOMEOWNER'S ASSOCIATION, INC., and its duration shall be perpetual.

ARTICLE II

PURPOSE AND POWERS

The purpose of this corporation is to provide for a unified effort in protecting the value of the property of the members of the corporation, in accordance with the Declaration of Restrictive Covenants and Easements for Sea Colony recorded (or to be recorded) in the Public Records of Flagler County, Florida, and any Supplemental Declaration filed in accordance therewith (collectively the "Declaration"). Terms used herein shall have the meanings ascribed to them in the Declaration, unless the context would prohibit. The Association shall exercise all the powers and privileges and perform all of the duties and obligations of the corporation as defined and set forth in these Articles, the By-Laws, and the "Declaration." The Association shall also have all powers granted by statutory and common law not in conflict with the terms of the

This Instrument Was Prepared By
ROBERT G. CUFF, JR.
EXECUTIVE OFFICE
PALM COAST, FL 32051

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EXHIBIT D

Declaration and these Articles, and terms, conditions, covenants and restrictions wherever recorded that pertain to Sea Colony, a platted section of Flagler County, as recorded in the Office of the Clerk of the Circuit Court in and for Flagler County, Florida. The powers of the Declaration include the establishment and enforcement of the payment of charges or assessments contained therein, the power to contract for the management of the Association and engagement in such other lawful activities as may be to the mutual benefit of the members and their property.

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

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

IN THE ASSOCIATION

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is or is at any time made subject to the Declaration shall be a member of the Association. Membership shall be appurtenant to and inseparable from ownership of a Lot. Where any one Lot is owned by more than one person, firm, individual, corporation or other legal entity, the composite title holder shall be and constitute one member of the Corporation. Any person, firm, individual, corporation or legal entity owning more than one Lot shall be as many members as the number of Lots owned. Membership in the corporation and transfer thereof shall be upon such terms and conditions as provided in the Declaration and By-Laws.

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

Class A. Class A Members shall be all of those owners as defined in Section 1, with the exception of the Company developing Sea Colony,

ITT Community Development Corporation, its subsidiaries, including Palm Coast Construction Company, and assigns (hereinafter referred to as "Company"). The Class A Member shall be entitled to one (1) membership interest and one (1) vote for each lot in which they hold the interests required for membership by Section 1.

Class B. Class B Member shall be the "Company", including any of its subsidiaries to which Company may transfer title. The Class B Member shall be entitled to ten (10) membership interests and ten (10) votes for each Lot in which it holds the interest required for membership by Section 1. The Class B Member shall be entitled to elect a majority of the Board of Directors until such time as 75% of all lots within the Parcel owned by Company has been sold and conveyed by the Company. Upon the transfer of title of any Lot from Company to an Owner other than to one of Company's subsidiaries or assigns, the Class B membership interest shall automatically be converted to a Class A membership interest.

Notwithstanding any provision to the contrary, the Company, or its duly authorized subsidiary, shall have the right to elect a majority of the Board of Directors of such Association until such time as "Company" has sold 75% of all lots owned by it within the Parcel. A transfer of title from ITT Community Development Corporation to one of its subsidiaries does not constitute a transfer of title under this paragraph, and any subsidiary of company shall have the same rights to Class B membership as Company.

ARTICLE IV

BOARD OF DIRECTORS

The affairs of the corporation shall be managed by a Board of Directors consisting of not less than three (3) nor more than seven (7) persons. Directors need not be members of the corporation. The number of persons who are to serve initially on the Board of Directors until the first election thereof shall be three (3) and their names and addresses are as follows:

John Gazzoli	Executive Offices, Palm Coast, FL 32051
Vincent Viscomi	Executive Offices, Palm Coast, FL 32051
Dennis Fitzgerald	Executive Offices, Palm Coast, FL 32051

ARTICLE V

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OFFICERS

Officers shall be elected by the Board of Directors and shall consist of a President, Vice President, Treasurer and Secretary. The following persons shall serve as Officers until the first election under these Articles of Incorporation:

John Gazzoli	President
Vincent Viscomi	Vice President
Dennis Fitzgerald	Secretary/Treasurer

ARTICLE VI

INDEMNIFICATION

Section 1. Indemnity. The Association shall indemnify any person who was or is a party to any pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is or was a director, employee, officer or agent of the Association, against expenses (including attorneys' fees and appellate attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. However no indemnification shall be made in respect to any claim, issue or matter in which such person shall have been adjudged to be liable for gross negligence or misfeasance or malfeasance in the performance of his or her duty to the Association. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not

act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

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

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

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

Section 5. Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, insuring against any liability asserted against him and incurred by him in any such capacity, or arising out of

his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article.

ARTICLE VII

SUBSCRIBERS

The following persons hereby subscribe to these Articles of Incorporation:

John Gazzoli	Executive Offices, Palm Coast, FL 32051
Vicent Viscomi	Executive Offices, Palm Coast, FL 32051
Dennis Fitzgerald	Executive Offices, Palm Coast, FL 32051

The address of each of these incorporators is:

Executive Offices
Palm Coast, FL 32051

ARTICLE VIII

BY-LAWS

The By-Laws are to be written and approved by the Board of Directors. Until the first annual meeting, the By-Laws may be amended, altered or rescinded by unanimous vote of all the Directors. The By-Laws may thereafter be adopted, amended, altered or rescinded only with the approval of not less than eighty (80%) percent of all the Directors or not less than fifty-five (55%) percent of the members of the Association. Provided, that no amendment shall be effective which would affect the rights of the Class B member without the approval of said member.

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

AMENDMENT OF ARTICLES

Section 1. Manner of Amendment. These Articles of Incorporation may be amended, altered or rescinded only with the approval of not less than eighty (80%) percent of all the Directors or not less than seventy-five (75%) percent of the members of the association. Provided, that no amendment shall be effective which would affect the rights of the Class B member without the approval of such member.

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

ARTICLE XINITIAL REGISTERED OFFICE AND AGENT

The street address of the initial registered office of this Corporation is Executive Offices, 1 Corporate Drive, Palm Coast, Florida 32051, and the name of the initial registered agent of this Corporation is James E. Gardner.

ARTICLE XIDISSOLUTION

The Association may be dissolved, consistent with the applicable provisions of Florida Statutes, upon petition having the assent given in writing and signed by not less than three-fourth (3/4) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be disposed of in accordance with the Declaration.

ARTICLE XII

No Stock or Dividends

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

WE, the undersigned, being each of the subscribers hereto, do hereby subscribe to these Articles of Incorporation and in witness whereof, we have hereunto set our hands and seals this 31st day of January, 1986.

John R. Gazzoli
Vincent Viscomi
Dennis Fitzgerald

STATE OF FLORIDA
COUNTY OF FLAGLER

BEFORE ME, the undersigned authority, personally appeared John R. Gazzoli, Vincent Viscomi and Dennis Fitzgerald, and acknowledged before me that they executed the above and foregoing Articles of Incorporation for the purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal at Flagler County, Florida, this 31st day of January, 1986.

Wickie Root
NOTARY PUBLIC

My Commission Expires:

NOTARY PUBLIC, STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES SEPT. 11, 1997
BONDED THROUGH MURKIN-ASHTON, INC.

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This Instrument Was Prepared By:
ROBERT G. CUFF, JR.
EXECUTIVE OFFICE
PALM COAST, FL 32051

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OF

SEA COLONY HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I

General

Section 1. Identity: The name of the corporation shall be SEA COLONY HOMEOWNER'S ASSOCIATION, INC., which is a corporation not for profit organized for the purpose of managing, operating and administering SEA COLONY, to be established on the real property more fully described in the Declaration of Restrictive Covenants and Easements for Sea Colony (hereinafter called "Declaration"), as recorded in the Public Records of Flagler County, Florida, at Official Records Book __, Pages __ through __.

Section 2. The Principal Office: The initial principal office of the corporation shall be at Executive Offices, Palm Coast, Florida, 32051, or at such other place as may be subsequently designated by the Board of Directors.

Section 3. Definitions: As used herein, the term "corporation" shall be equivalent to "Association" as defined in the Declaration, and the words "Parcel", "Member", "Owner", "Dwelling Unit" and "Lot" are defined as set forth in the Declaration. The terms "Company" and "Developer" shall mean both ITT Community Development Corporation and/or its wholly-owned subsidiaries and assigns, Palm Coast Construction Company, which is the Company developing Sea Colony and such designation shall be interchangeable. Terms defined in the Declaration or Articles of Incorporation shall have the same meaning as provided therein.

ARTICLE II

Directors

Section 1. Number and Term: The number of directors which shall constitute the whole Board shall not be less than three (3) persons and may be increased from time to time by the members of the Board, provided the total number of members does not exceed seven. Directors need not be members of the Association.

The initial Board of Directors shall be appointed by the Developer and shall hold office and exercise all powers of the Board of Directors until such

time that they resign or are replaced by other Directors appointed by Developer or are joined or replaced by Directors elected by the members as follows:

At such time as unit owners other than the Developer own thirty-five (35%) percent or more of the lots that will be operated ultimately by the Association, the unit owners other than the developer shall be entitled to elect not less than one-third (1/3) of the members of the Board of Directors of the Association.

Nevertheless, the Developer shall be entitled to elect a majority of the Board of Directors as long as it holds title to at least 75% of the Lots in the Parcel.

After the initial election of a Director to the Board by the Owners, in accordance with the terms above, non-appointed directors shall be elected at the annual meeting of the members and each Director shall be elected to serve for the term of one (1) year or until his or her successor shall be elected and shall qualify.

Section 2. Removal: Except for any Directors appointed by the Developer, a Director may be removed from office with or without cause by the vote or agreement in writing of a majority of the members (owners). Provided, before any director is removed from office, he or she shall be notified in writing that a motion to remove him or her will be made prior to the meeting at which said motion is made. Such Director shall be given an opportunity to be heard at such meeting, should he or she be present, prior to the vote of his or her removal.

A Director elected or appointed by the Developer may be removed at any time by the Developer, who shall thereupon designate the successor Director.

Section 3. Vacancy and Replacement: If the office of any Director or Directors other than Directors appointed by the Developer, becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, at a special meeting of Directors duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which vacancy occurred. Any Director unable to attend said special meeting may vote by proxy or absentee ballot. Said proxy or ballot shall be in writing and be signed by the Director and, in addition, this proxy shall designate the person to vote the proxy. All proxies shall be filed with the Chairman or Secretary of the Board of Directors prior to the special meeting.

If the office of any Director appointed by the Developer becomes vacant, the Developer shall thereupon designate the successor Director.

Section 4. Powers: The property and business of the corporation shall be managed by the Board of Directors which may exercise all corporate powers not specifically prohibited by Statute, the Declaration, the Articles of Incorporation, or that, by these By-Laws is directed or required to be exercised or done by the members. These powers shall specifically include, but not be limited to, the following:

- a. to levy upon the members, quarterly or otherwise, assessments as are necessary for anticipated current operating expenses of the Association. The Board of Directors may increase the quarterly assessments or vote a special assessment in excess of that amount, if required, to meet any necessary additional expenses, but said increase can only be made in accord with the Articles of Incorporation, the Declaration, or these By-Laws.
- b. to use and to expend the assessments collected to maintain, care for and preserve the common area and portions of the lots, as provided in the Declaration, or to otherwise carry out the intent of the Declaration;
- c. to pay taxes and assessments levied and assessed against any real property the corporation might own and to pay for such equipment and tools, supplies and other personal property purchased for use in such maintenance, care and preservation;
- d. to enter into and upon the lots when necessary and at as little inconvenience to the owner as possible in connection with such maintenance, care and preservation. For the purpose of preservation, care and restoration of Association property, each lot is subject to a perpetual easement to the then existing Board of Directors, or its duly authorized agents, in the event of an emergency to enter into the dwelling unit if the necessities of the situation should require;
- e. to repair, alter or replace any Association facilities, machinery or equipment;
- f. to insure and to keep insured the Association-owned property against loss from public liability and to carry such other insurance as the Board of Directors may deem advisable; and, in the event of damage or destruction of property, real or personal, covered by such insurance, to use the proceeds for repairs and replacement, all in accordance with the provisions of the Declaration;

- g. to collect delinquent assessments by suit or otherwise; to abate nuisances; and, to enjoin or seek damages from owners for violations of the Declaration, the Articles of Incorporation, these By-Laws, or any Rules and Regulations adopted by the Board of Directors;
- h. to employ such personnel, make such purchases and enter into such contracts as may be necessary or desirable in carrying out the operation and management of the Association.
- i. to make, amend and repeal Rules and Regulations governing the operation, maintenance and management of the Association.
- j. to open bank accounts and to borrow money on behalf of the Association and to designate the signatories to such bank accounts.
- k. to enter into contracts for the management, maintenance and operation of the Association property.
- l. to bring and defend actions by or against one or more members as to matters relating to the Association, and to assess the members for the cost of such litigation.
- m. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees or members, each of such committees to consist of at least one (1) Director, which, to the extent provided in said resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Association and may have power to sign all papers which may be required, provided the said resolution shall specifically so provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors, shall keep regular minutes of their proceedings, and shall report the same to the Board, as required.
- n. Notwithstanding anything to the contrary contained in these By-Laws, so long as the Developer or its designee shall own any membership interests in the Association the Board may not, without the Developer's prior written consent, (i) make any addition, alteration or improvement to Parcel, or (ii) assess any charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, or (iii) hire any employee where it results in a greater number of employees employed by the Association than in its prior fiscal year, or (iv) enter into any service or maintenance contract for work not being performed by the Association in its prior fiscal year, or (v) borrow money on behalf of the Association, or (vi) reduce the services performed

by the Association in its prior fiscal year, or (vii) amend these By-Laws, the Articles of Incorporation, or the Declaration of Covenants and Restrictions.

Section 5. Compensation: Directors and officers shall serve without compensation.

Section 6. Meetings:

a. The first meeting of each Board after election by the members of new Directors shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Directors shall be held at the same place as the annual members' meeting, and immediately after the adjournment of same, at which time the dates, places and times of regularly scheduled meetings of the Board shall be set.

b. Regular meetings of the Board shall be held quarterly at such time and place as the Board shall fix from time to time.

c. Special meetings of the Board may be called by the president on two (2) days notice to each director either personally or by mail or telegram. Special meetings shall be called by the president or secretary in a like manner and on like notice on the written request of at least two (2) directors.

d. Meetings of the Board shall be open to all lot owners. Notice of all meetings shall be posted on the Association property at least twenty-four (24) hours in advance of each scheduled meeting, to the attention of all lot owners, except, however, in case of an emergency, when a meeting of the Board of Directors may be held without notice.

e. At all meetings of the Board, a majority of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, by the Declaration; by the Articles of Incorporation or by these By-Laws. If a quorum shall not be present in any meeting of directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

f. Emergency Meeting: Any member of the Board, or the President, may call a meeting, without notice, for the purpose of considering any matter deemed to be an emergency.

g. Any meeting of the Board may be held by a telephone conference call, at which each member may hear, and be heard by all other members.

h. The joinder of a member of the Board in the action of a meeting may be by signing and concurring in the minutes of the proceedings of the Board. Such consent shall have the same effect as a unanimous vote.

i. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 7. Annual Statement: The Board shall present at the annual member's meeting, and when called for by a vote of the members at any special meeting of the members, a full and clear statement of the business and condition of the corporation, including an account of the financial transactions during the preceding fiscal year.

The Association shall maintain accounting records according to good accounting practices, which shall be open to inspection by lot owners or their authorized representatives at reasonable times. Written summaries of said records shall be supplied at least annually to lot owners or their authorized representatives.

ARTICLE III Officers

Section 1. Elective Officers: The officers of the corporation need not be members of the Association. They shall be chosen by the directors and shall be a president, a vice president, a secretary and a treasurer. The Board of Directors may also choose one or more additional vice presidents, assistant secretaries, assistant treasurers, or other officers. No more than one owner in each dwelling unit may be an officer at any one time.

Section 2: Time of Election: The Board of Directors at its first meeting after each annual meeting of general members shall elect officers, none of whom, excepting the president, need be a director.

Section 3. Appointive Officers: The Board may appoint such officers and agents as it shall deem necessary, who shall hold their offices for such terms and

shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. Term: The officers of the corporation shall hold office for a period of one (1) year or until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors shall serve at the pleasure of the Board and may be removed, at any time, by the affirmative vote of a majority of the whole Board. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board.

Section 5. The President:

a. The President shall be the chief executive officer of the corporation. He shall preside at all meetings of the members and directors, shall be ex officio member of all standing committees, shall have general and active management of the business of the corporation, and shall see that all orders and resolutions of the Board are carried into effect. The President shall be a member of the Board of Directors.

b. He shall execute bonds, mortgages, and other contracts requiring a seal, under the seal of the corporation, except where the same are required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to another officer or agent of the corporation.

c. In the absence of the President, the Vice President shall perform the duties of the President.

Section 6. The Secretary:

a. The Secretary shall attend all sessions of the Board and all meetings of the members and record all votes and the minutes of all proceedings in a book to be kept for that purpose. The Secretary shall perform like duties for the standing committees when required. The minutes book shall be kept in a businesslike manner and shall be available for inspection by Lot owners and the Board of Directors. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or the President, under whose supervision he or she shall serve. He or she shall keep in safe custody the seal of the corporation, and, when authorized by the Board, shall affix the same to any instrument requiring it; and, when so affixed, the seal shall be attested by his or her signature or by the signature of the Treasurer or an Assistant Secretary.

b. Assistant secretaries in order of their seniority shall, in the absence or disability of the Secretary, perform the duties and exercise the power of the Secretary and shall perform such other duties as the Board of Directors shall prescribe.

Section 7. Treasurer and Assistant Treasurers:

a. The Treasurer shall have the custody of the corporation funds and securities and shall keep full and accurate accounts of the receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board.

b. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board, making proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meeting of the Board, or wherever they may require it, an account of all transactions by the Treasurer and of the financial condition of the corporation.

c. Assistant treasurers in the order of their seniority shall, in the absence or disability of the Treasurer, perform the duties, exercise the powers and assume the obligations of the Treasurer, and shall perform such other duties as the Board shall prescribe.

Section 8. Bonding of Corporate Officers: The Treasurer and all Assistant Treasurers, if any, the President and Secretary, shall be required to be bonded, in an amount to be determined by the Board, with a fiduciary bonding company licensed and authorized to transact business in the State of Florida. The cost of the premium for this bond shall be paid by the Association.

Section 9. Indemnification of Corporate Officers: Every director and officer of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding or any settlement thereof, to which he may be a party, or in which he may become involved, by reason of his being or having been an Officer or Director of the Corporation, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves

such settlement and reimbursement as being for the best interest of the Corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all rights to which such officer or director may be entitled.

ARTICLE IV

Membership and Voting Provisions

Section 1. Membership: Membership in the Association shall be limited to record owners of the lots in Sea Colony, as further defined herein and in Article III of the Articles of Incorporation of this Corporation and Article III of the Declaration. Transfer of ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership shall become titled in the transferee. If unit ownership is titled in more than one person, the composite title holder shall be and constitute one member for voting purposes; however, all of the persons so owning said lot shall be members eligible to hold office and attend meetings in accordance with these By-Laws.

Section 2. Rights and Obligations. The rights of membership are subject to the payment of assessments levied by the Association, the obligation of which assessment is imposed against each owner of, and becomes a lien upon, the Lots against which such assessments are made, as provided in the Declaration. No member shall have any vested right, interest or privilege in or to the assets, functions, affairs or facilities of the Association.

Section 3. Rules and Regulations. All present and future Members shall be subject to these By-Laws and to the rules and regulations issued by the Association to govern the conduct of its Members.

Section 4. Voting:

a. As set forth in the Declaration and in Article III of the Articles of Incorporation, the owner(s) of each lot other than the developer shall be entitled to one (1) vote per Lot. If a lot owner other than developer owns more than one lot, he or she shall be entitled to one vote for each lot owned. Developer shall be entitled to ten (10) votes for each lot owned, as set forth in the Articles of Incorporation.

b. A majority of the owners' total votes present in person or by written proxy or absentee ballot, at any meeting at which there is a quorum, shall

decide any questions, unless the Declaration, the By-Laws, or Articles of Incorporation of the Association provides otherwise.

Section 5. Proxies and Absentee Ballots: Votes may be cast in person, by absentee ballot or by proxy. All proxies and absentee ballots shall be in writing on forms approved by the Board of Directors and signed by the person entitled to vote (as set forth below in Section 6), and shall be filed with the Secretary prior to the meeting in which they are to be used, and shall be valid only for the particular meeting designated therein. Proxies shall also designate the person to vote the proxy and such person must be a "voting member" as such term is hereinafter defined. Where a Lot is owned jointly by a husband and wife, and if they have not designated one of them as a voting member, a proxy must be signed by both husband and wife where a third person is designated. No one person shall be designated to hold more than five proxies for any purpose.

Section 6. Designation of Voting Member: If a lot is owned by one person, his right to vote shall be established by the recorded title to the lot. If a lot is owned by more than one person, the person entitled to cast the vote for the lot shall be designated in a certificate signed by all of the recorded owners of the lot, and filed with the Secretary of the Association. If a lot is owned by a corporation, the officer or employee thereof entitled to cast the vote for the Corporation shall be designated in a certificate for this purpose, signed by the President or Vice President, attested to by the Secretary or Assistant Secretary of the Corporation, and filed with the Secretary of the Association. The person designated in such certificate who is entitled to cast the vote for a lot shall be known as the "voting member". If such a certificate is not on file with the Secretary of the Association for a lot owned by more than one person or by a Corporation, the vote of the lot concerned shall not be considered in determining the requirement for a quorum, or for any purpose requiring the approval of a person entitled to cast the vote for the lot, except if said lot is owned by a husband and wife. Such certificates shall be valid until revoked or until superseded by a subsequent certificate, or until there is a change in the ownership of the lot concerned. If a lot is owned jointly by a husband and wife, the following three provisions are applicable thereto:

a. They may, but they shall not be required to, designate a voting member.

b. If they do not designate a voting member, and if both are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting. (As previously provided, the vote of a unit is not divisible.)

c. Where they do not designate a voting member, and only one is present at a meeting, the person present may cast the vote individually, and without establishing the concurrence of the absent person.

ARTICLE V

Meetings of Membership

Section 1. Place: All meetings of the Association membership shall be held at the office of the corporation, or may be held at such place and time as shall be stated in the notice thereof.

Section 2. Annual Meeting:

a. Regular annual meetings of the members shall be held in each fiscal year, at such time, date and place as shall be determined by the Board of Directors.

b. All annual meetings shall be held at such hour as the Board of Directors may determine.

c. At the annual meeting, the members shall elect a Board of Directors, as provided by these By-Laws and transact such other business as may properly be brought before the meeting.

d. Written notice of the annual meeting shall be served upon or mailed via regular mail to each member entitled to vote at such address as appears on the books of the corporation at least fourteen (14) days prior to the meeting. Notice of the annual meeting shall be posted at a conspicuous place on the Association property at least fourteen (14) days prior to said meeting.

Section 3. Special Meetings of Members:

a. Special meetings of the members, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the President, and shall be called by the President or Secretary at the request in writing of not less than one-fourth (1/4) of the membership entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

b. Written notice of a special meeting of members, stating the time, place and object thereof, shall be served upon or mailed, via regular mail, to each member entitled to vote at such address as appears on the books of the corporation at least five (5) days before such meeting.

c. Business transacted at all special meetings shall be confined to the objects stated in the notice thereof.

Section 4. Quorum: Fifty-one percent (51%) of the total number of members entitled to vote in the corporation present in person or represented by written proxy or absentee ballot, shall be requisite to and shall constitute a quorum at all meetings of the members for the transaction of business, except as otherwise provided by statute, by the Articles of Incorporation, the Declaration or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the members, the members entitled to vote who are present in person or represented by written proxy or absentee ballot shall have the power to adjourn the meeting for not less than one (1) hour until a quorum shall be present or represented. If, when the meeting has been resumed and a quorum is not present or represented by proxy or absentee ballot, the members entitled to vote thereat may declare a quorum that shall constitute forty percent (40%) of the total number of members entitled to vote. Any business may be transacted at the resumed meeting that could have been transacted at the meeting as originally called.

Section 5. Vote Required to Transact Business: When a quorum is present at any meeting, the vote of a majority of the members entitled to vote, present in person or represented by written proxy or absentee ballot, shall decide any question brought before such meeting unless the question is one upon which, by express provision of the statutes or of the Articles of Incorporation, the Declaration of Restrictive Covenants and Easements or of these By-Laws, a different vote is required, in which case, express provision shall govern and control the decision of such question.

Section 6. Right to Vote: At any meeting of the members, every member having the right to vote shall be entitled to vote in person or by proxy or absentee ballot. Such proxy or absentee ballot shall only be valid for such meeting or adjournments thereof, must be in writing, signed by the member, and filed with the Secretary prior to the meeting.

Section 7. Waiver and Consent: Whenever the vote of members at a meeting is required or permitted by any provision of the statutes, of the Declaration, of the Articles of Incorporation or of these By-Laws to be taken in connection with any action of the corporation, the meeting and vote of members may be dispensed with, if all the members who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such action being taken.

Section 8. Rules of Procedure: Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation, By-Laws, Statutes or the Declaration.

ARTICLE VI

Notices

Section 1. Definition: Whenever, under the provisions of the statutes or the Articles of Incorporation, or of these By-Laws, or of the Declaration, notice is required to be given to any director or member, it shall not be construed to mean personal notice; but, such notice may be given in writing, by mail, or by depositing the same in a post office or letter box. Mailed notices shall be in a post-paid, sealed wrapper, addressed to such director or member at such address as appears on the books of the corporation.

Section 2. Service of Notice Waiver: Whenever any such notice is required to be given, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VII

Finances

Section 1. Fiscal Year: The fiscal year shall be fixed by resolution of the Board of Directors and may be a calendar year, beginning on the first day of January in each year.

Section 2. Checks: All checks or drafts for money and notes of the corporation shall be signed by any two of the following officers: President, Vice President, Secretary or Treasurer, or by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Assessments:

a. The Board of Directors of the Corporation shall, from time to time, at regular meetings or special meetings called for this purpose, fix and determine the sum or sums necessary and adequate for the continued operation of the Association. The Board shall determine the total amount required, including the operational items such as taxes on corporation property, insurance, repairs, maintenance, security, operating capital, reserve for deferred maintenance, other reserves, and other operating expenses, and expenses designated as common expenses from time to time by the Board of Directors of the Association or under the provisions of the Declaration. The total annual requirements shall be assessed as a single sum against all lots in the Association and prorated equally to each of said lots. Said assessments shall be payable quarterly in advance or as otherwise ordered by the Board. Special assessments, should such be required, shall be levied and paid in the same manner as hereinbefore provided for regular assessments. The owner agrees to pay promptly when due the quarterly and all special assessments assessed against his or her lot. Delinquent assessments will bear interest and late charges as set forth in the Declaration. No member shall be personally liable for any debts of the corporation whatsoever.

b. So long as the Developer is in control of the Board of Directors, the Board shall not impose an assessment for a year greater than 115% of the prior fiscal or calendar year's assessment without approval of a majority of the Lot owners. In determining whether assessments exceed 115% of similar assessments in prior years, there shall be excluded in the computation any provision for reasonable reserves made by the Board of Directors in respect of repair or replacement of the Association property or in respect of anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis and there shall be excluded from such computation, assessment for betterments to the Association property or reserves, or assessments for betterments to be imposed by the Board of Directors.

Section 4. Accounts: There shall be established and maintained such bank account or accounts as the Board of Directors shall deem advisable, into which shall be deposited all monthly and special assessments as fixed and determined for all lots. Disbursements from said accounts shall be for the general needs of the corporation, including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the property of the corporation.

Section 5. Association Expenses: The expenses for which the members shall be liable as set forth in the Declaration shall be those costs and expenses deemed necessary or desirable by the corporation for the operation and maintenance of the Association. Said expenses shall not include maintenance to dwelling unit, nor any such other items for whose maintenance and repair a lot owner is responsible. Such expenses shall include, but not be limited to, maintenance of all common area lawns, shrubbery and landscaping, sprinkler system, electricity or rent for street lighting, painting upkeep on the exterior of all buildings owned by the Association, maintenance of the surface water management system, costs and fees under any Management Agreement, and expenses declared common expenses pursuant to the Declaration.

ARTICLE VIII

Enforcement

The Association, by direction of the Board of Directors, shall have the right to enforce by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations and liens now or hereafter imposed by the Declaration of Covenants and Restrictions, the Articles of Incorporation, these By-Laws or any Rules and Regulations of the Association for SEA COLONY.

ARTICLE IX

Paramount Rights of Developer

All of the applicable terms and provisions of these By-Laws shall be subject to any sections of the Declaration, Articles or By-Laws regarding rights and powers of the Developer, which rights and powers shall be deemed paramount to the applicable provisions of these By-Laws.

ARTICLE X

Acquisition of Lots

At any foreclosure sale of a lot, the Board of Directors may, with the authorization and approval by the affirmative vote of Members casting not less than sixty-six and two-thirds (66-2/3%) percent of the authorized vote of the Members, present in person or by proxy or absentee ballot, at any regular or special meeting of the Members, acquire, in the name of the Association, or its designees, a lot being foreclosed. The term "foreclosure," as used in this Article, shall mean and include any foreclosure of any lien, excluding the Association's lien for assessments. The power of the Board of Directors to

acquire a lot at any foreclosure sale shall never be interpreted as a requirement or obligation on the part of said Board of Directors or of the Association to do so at any foreclosure sale, the provisions hereof being permissive in nature and for the purposes of setting forth a power of the Board of Directors to do so should the requisite approval of the Members be obtained. The Board of Directors shall not be required to obtain the approval of Owners at the foreclosure sale of a lot, due to the foreclosure of the Association's lien for assessment under the provisions of the Declaration, notwithstanding the sum that the Board of Directors determines to bid at such foreclosure sale.

ARTICLE XI

Seal

The seal of the corporation shall have inscribed thereon the name of the corporation, the year of its organization, and the words, "Not for Profit". Said seal may be used by causing it or a facsimile thereof to be impressed, affixed, reproduced, or in any other form evidencing the intent of the signing officer or officers to have the effect of the corporate seal.

ARTICLE XII

Amendment

Until the first annual meeting of the membership of the Association, the Board of Directors shall have full power without membership approval or vote to amend, alter or rescind these By-Laws by unanimous vote of all the directors. Thereafter, these By-Laws may be amended in the following manner, as well as in the manner elsewhere provided:

Section 1. Notice: Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

Section 2. Resolution: A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members entitled to vote. Directors and members not present at the meeting considering the amendment may express their approval in writing. Except as elsewhere provided, such approval must be not less than eighty percent (80%) of all Directors or by not less than fifty-five percent (55%) of all of the members entitled to vote who are either present or voting by proxy or absentee ballot.

Section 3. Agreement: In the alternative, an amendment may be made by an agreement executed by all members in the Association in the manner required for the execution of a deed, and such amendment shall be effective when recorded in the Public Records of Flagler County, Florida.

Section 4. Proviso: No amendment to these By-Laws shall be passed which would operate to impair or prejudice the rights of the Developer, nor of any institutional mortgagee. No amendment shall discriminate against any Lot owner nor against any class or group of Lots unless the Lot owners so affected shall consent; and no amendment shall increase the owner's proportionate share of the common expenses unless the record owner of the unit concerned and all record owners of mortgages thereon shall join in the execution of the amendment. All Amendments to these By-Laws shall be recorded in the Public Records of Flagler County, Florida.

ARTICLE XIII

Miscellaneous

Section 1. Construction: The definitions of particular words and phrases contained in the Declaration of Restrictive Covenants and Easements shall apply to such words and phrases when used in these By-Laws. In case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control, and in case any conflict between the Declaration and these By-Laws, the said Declaration shall control.

Section 2. Severability: Should any provisions of these By-Laws be void or unenforceable in law or in equity, the remaining provisions shall, nevertheless, be and remain in full force and effect.

Section 3. Subordination: Any lien or other encumbrance upon or against a lot or parcel in favor of the Corporation is hereby declared to be, and shall be, subject, subordinate and inferior to the lien of any mortgage encumbering such unit or parcel where such mortgage is made to a bank, savings and loan association or life insurance company or any institutional lender, and regardless of whether such mortgage was made or recorded before or after the aforesaid lien or encumbrance of the Corporation.

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Section 4. Rules and Regulations: The Board of Directors shall have the power to promulgate rules and regulations which shall govern the use of the Association property. Such rules and regulations may be amended, altered, or changed by the Board from time to time.

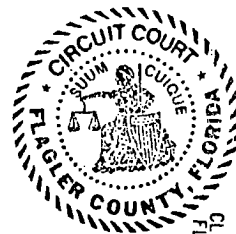
The foregoing were adopted by the Board of Directors as the By-Laws of SEA COLONY HOMEOWNER'S ASSOCIATION, INC., this 21st day of February, 1986.

SEA COLONY HOMEOWNER'S ASSOCIATION, INC.

By: *James ...*
PRESIDENT

AFFIRMED: *Robert ...*
ASSIST. SECRETARY

CORPORATE SEAL



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CLERK OF CIRCUIT COURT
FLAGLER COUNTY, FLA.
James ...

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Robert Scott
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